

## Asia on Path To Stabilize Its Markets, Rubin Says

**U.S. Is Trying to Help Rebuild Confidence, Treasury Chief Adds**

**Blumberg News**  
WASHINGTON — Robert Rubin, the U.S. Treasury secretary, said Sunday that Southeast Asian nations were "well positioned" to regain stability after last week's stock market rout in Hong Kong, which spilled over into other parts of Asia, and to Europe and the United States.

"They are well positioned to re-establish financial stability," Mr. Rubin said on the ABC News program "This Week," adding, "How long it will take is not a prediction that anybody could make."

Mr. Rubin said the United States had been in contact with international authorities like the International Monetary Fund to try to re-establish investor confidence in the region.

"The key for us is to work with the governments and the international financial institutions — the IMF and the World Bank — to re-establish financial stability."

Asia crisis spoils appetite for risk. Page 8. • Profit slump at Peregrine. Seoul seeks to arrest market slide. Page 11. • Hong Kong moves against speculators. Page 12.

in Southeast Asia," Mr. Rubin said. "We've been very involved, even over this weekend, in helping shape responses that will re-establish fiscal responsibility and financial stability in Southeast Asia, which is enormously important to us."

Still, Mr. Rubin said the main responsibility for stability lay with the countries involved in the crisis. "The key though, as always in these kinds of situations, is that the countries themselves have to establish sound policy regimes."

Mr. Rubin also said the U.S. Treasury was working closely with individual nations, and with Indonesia in particular.

After Mr. Rubin's remarks, the Treasury declined to say why the United States was working with Indonesia so closely. Indonesia has about \$20 billion in private foreign debt maturing before the end of the year. Hubert Neiss, the IMF's director for Asia and the Pacific, was in Indonesia last week.

Last week, Indonesia's trade and industry minister, Tjok Djubir, told the IMF that the country had no plans to cancel its "national car" project, one of the spending plans analysts say they would like to see abandoned. He also said the IMF talks had gone "smoothly, and progress has been made."

President Suharto's youngest son, Hutomo (Tommy) Mandala Putra, controls PT Timor Putra Nasional, which was given exclusive tax and import-duty breaks in 1996 to produce a car that is eventually supposed to be entirely locally made. For now, the company is still selling cars made by Kia of South Korea, which are imported duty free.

Indonesia's government canceled \$17 billion in projects on Sept. 23 in an effort to control spending and restore confidence in the economy.

On Thursday, stocks fell in Hong Kong and throughout Asia, with Hong Kong's index plunging more than 10 percent. The rout spilled over into other Asian markets, including Japan, where the Nikkei index fell 3 percent, triggering declines in European and U.S. stocks.

Hong Kong's benchmark index tumbled as global fund managers began unloading shares in Asia's second-largest market after the territory's chief executive, Tung Chee-hwa, said in London that interest rates might have to rise to defend the Hong Kong dollar.

Mr. Tung's comments and the sell-off drove overnight rates as high as 150 percent while the one-month Hong Kong Interbank Offered Rate — the rate banks charge each other — rose as high as 47.5 percent. Higher rates deter borrowing and slow apartment sales, which affects Hong Kong's stock market because seven out of 10 listed companies invest in property.

On Friday, however, the Hang Seng index rallied 6.9 percent, reversing part of Thursday's rout. U.S. stocks declined for a second day Friday as concern spread that slowing economies in Asia would hurt semiconductor companies.

Newstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Armenia	1.800 CFA Qatar
Cameroon	1.800 CFA Reunion
Egypt	2.500 CFA Saudi Arabia
France	10.00 FF Senegal
Germany	1.100 CFA Spain
Greece	2.800 CFA Tunisia
Italy	1.250 Lira U.A.E.
Jordan	1.250 JD U.A.E.
Kuwait	700 Fils U.S. \$ (Eur.)



President Jiang Zemin of China reviewing an air force honor guard Sunday on his arrival in Honolulu, his first stop on American soil.

## For the Peronists, Victory Is Far From a Sure Thing

**By Anthony Faiola**  
*Washington Post Service*

**BUENOS AIRES** — During the 1990s, Argentine politics seemed like a one-party system: The Peronists, whose legacy dates to the famous — and infamous — former president Juan Peron, politically dominated this country with the divided opposition posing hardly any threat.

But all that has abruptly changed, affecting the voting Sunday in Argentine congressional elections. An alliance formed between the Peronists' two main political adversaries — the center-right Radical Civic Union and the leftist Front for a Country in Solidarity (Frepaso) — left the Peronists on the ropes in regions that once made up the very core of their political power. It caused a media frenzy in this nation of 35 million, beaheads for President Carlos Saul Menem's embattled Peronists, and a lot of pontificating from political experts who view the elections as a virtual primary for the presidential race in 1999.

[A leader of the opposition alliance predicted the collapse of Peronist control in the lower house of Congress as voting started Sunday. Reuters reported from Buenos Aires. "An era is definitely coming to an end," said Senator Graciela Fernandez Meijide, a candidate in the crucial district of Buenos Aires Province, who is widely touted as a candidate in presidential elections.

[Mr. Menem shrugged off talk of defeat, predicting a "brilliant" Peronist performance as he cast his vote in his home desert province of La Rioja. But he was quick to add that the outcome

would have no bearing on the presidential election in 1999.]

Argentina, with perhaps the highest standard of living in Latin America, hardly resembles the chaotic, economic wreck it was in 1989 — the year Mr. Menem and his Peronists won office. Since then, Mr. Menem has carried out sweeping economic reforms, including a whirlwind of privatizations of state-run industries and the pegging of the peso to the U.S. dollar to end hyperinflation.

The result has reaffirmed this nation, once one of the world's 10 wealthiest, as the economic envy of Latin America. Local business is booming, foreign investment is soaring and services here are running more smoothly than at any time in recent history.

Yet even in this climate, the Alliance, as the Radical Civic Union-Frepaso bloc is called, has scored points with the populace. It has done so by saying it would keep Mr. Menem's economic plan intact while trying to slow his rapid pace of privatization and to use state funds to help create badly needed jobs for the millions left without work after government downsizing.

Indeed, although unemployment is falling after reaching a high of 18 percent this summer, it still hovers around 14.5 percent.

Perhaps the Alliance's most significant success has been labeling Mr. Menem's party as controlled by big business interests — pitting the Peronists against their followers among the lower class, on the backs of whom Juan Peron founded his party. The cut into the Peronist worker vote comes from the influence of

See ARGENTINA, Page 8

## Jiang Begins Historic U.S. Visit

**Albright Warns That He'll Get an Earful of Noisy Democracy**

**By Brian Knowlton**  
*International Herald Tribune*

**WASHINGTON** — President Jiang Zemin of China arrived Sunday in Honolulu at the beginning of an extraordinary state visit to the United States that both sides hope will help transform a strained and prickly relationship into one of productive cooperation.

Mr. Jiang and a large delegation arrived at Hickman Air Force Base after a 10-hour flight from Beijing. Protesters from Amnesty International and other groups planned to meet him at his official stops in the islands, a forerunner of what the Chinese leader is likely to encounter in six other U.S. cities.

Referring to the expected protests, Secretary of State Madeleine Albright

said Sunday that Mr. Jiang would not have a "totally fuzzy time." But she added, in an appearance on NBC-TV, that "it is important for him to see where our liberty came from."

Mr. Jiang, 71, has been to the United States many times, but this is the first state visit by a Chinese president in 12 years.

While neither side expects huge steps forward, both hope for some regularization of a relationship that was derailed by Beijing's violent crackdown on pro-democracy protesters in 1989.

Mr. Jiang, in a rare news conference with foreign reporters before leaving Beijing, sought to appear conciliatory, saying that he personally had approved the signing of a United Nations covenant that would oblige China to protect its people from discrimination. He de-

scribed Chinese-U.S. relations as "moving toward a good direction."

Washington and Beijing are very close to an agreement that would enable President Bill Clinton to allow U.S. companies to sell billions of dollars of civilian nuclear reactors to China, senior U.S. officials said. But Mr. Jiang yielded no ground on other issues of concern to many in the West, defending Chinese rule of Tibet and rebuffing calls for the release of jailed dissidents.

Mr. Jiang's itinerary, which Mrs. Albright said was decided entirely by the Chinese, includes visits to places that Americans view as symbols of their nation's struggle for democracy and survival — from Pearl Harbor, Hawaii,

See CHINA, Page 8

## Risk and Opportunity for Both Sides

**America Pays in Technology For Foothold in Vast Market**

**By Paul Blustein**  
*Washington Post Service*

**WASHINGTON** — "Whatever it takes." That, give or take a caveat or two, is what many U.S. corporate executives say they are willing to do to tap the vast potential of China's market.

But China runs its economy according to very different rules from those prevailing elsewhere in the world. And more than ever, foreign companies seeking access to its rapidly growing market of 1.2 billion people find themselves subjected to extraordinary demands by state planners to hand over valuable technology and job-generating investments, especially in sectors that Beijing views as strategically important such as autos, aerospace and electronics. Companies that balk lose out to competitors.

Therein lies a problem rumbling below the surface of Chinese-American relations as China's president, Jiang Zemin, heads to Washington for a summit meeting this week with President Bill Clinton.

To win the right to form a joint venture with China's leading automaker that would make 100,000 cars in Shanghai, for example, General Motors Corp. promised this year to build a factory featuring "the latest in automotive manufacturing technology, including flexible tooling and lean manufacturing processes."

General Motors also pledged to establish five training

**For Midwestern Heartland, Business Builds Chinese Ties**

**By John Pomfret**  
*Washington Post Service*

**LAWRENCE, Kansas** — The Jayhawk Bowling Co. was installing a 12-lane bowling alley inside a brothel in China last year when one of the pinsetters broke.

As Jayhawk's owner, Chuck Hardman, tells it, the Chinese manager lost his head. His staff couldn't repair the machine. So the brothel-bowling business, which he said was owned by the Chinese Army, complained to the local police. They responded by throwing one of Jayhawk's American employees in jail. He was released three days later, and the pinsetter was fixed.

The unsettling experience did not, however, sour the unflappable Midwesterner on the Chinese market.

"I like doing business with them," said Mr. Hardman, 59, whose \$5-million-a-year company has \$1 million in annual sales in China. "They seem to like us, too. They look to the heartland to get a square deal."

Increasingly, the heartland is looking back.

On the eve of the first summit between China and the United States since President George Bush's troubled Beijing journey in 1989, residents here can testify to the immediacy and speed with which China has come to touch the lives of average Americans. Once the purview of states on the Pacific Rim and the financial and political centers on the East Coast, American ties to China have started to loom large across the

See TRADE, Page 6

See MIDWEST, Page 4



PULLOUT IN BRAZZAVILLE — Members of the victorious Cobra militia that fought for General Denis Sassou-Nguesso waiting Sunday in the Republic of Congo capital, Brazzaville, to be integrated into the nation's armed forces. Angola agreed to withdraw its forces from the country. Page 7.

## Italy Embraces 'Magic' of the Euro

**By Celestine Bohlen**  
*New York Times Service*

**PERUGIA, Italy** — There is a magic word in Italian politics, and it is Europe.

Invoked during the brief collapse of Prime Minister Romano Prodi's government this month, it once again did the trick: The center-left government bounced back to life, buoyed by the strongest national consensus in Europe in favor of taking part in the 1999 start of a common currency.

Since the idea of the euro, as the single currency is called, emerged from the 1992 Maastricht treaty, Italians across the political spectrum have been

its most fervent supporters, even when Italy's bloated fiscal deficit made it look like one of the countries least likely to qualify.

Even now, after feeling the painful effects of stringent budget policies that have squeezed the deficit down to the

### NEWS ANALYSIS

level required for joining the euro, the pro-Europe mood in Italy remains strong. According to polls taken by the European Commission last May, 73 percent of Italians questioned were in favor of the single currency, the highest approval rate of any of the European Union's 15 members. In contrast, 55

percent in France were in favor, compared with only 39 percent in Germany.

For workers at the Perugia chocolate factory here, "joining Europe" — the curious phrase often used by Italians when they talk about the fast-approaching merger of currencies and economic policies — is not just an abstract notion dreamed up by central bankers and politicians. It is a way of life that began in 1988 when Nestle, the Swiss-based international conglomerate, bought this most Italian of enterprises, maker of the famous blue-and-silver-wrapped Baci chocolate "kisses."

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## Harmonica Maker Battles the Blues

**By John Schmid**  
*International Herald Tribune*

Even before musicians from 22 nations began arriving in the German village of Trossingen two weeks ago for the World Harmonica Festival, held every four years, the town already found itself tangled up in blues.

Trossingen's main employer, Matthias Hohner AG, the world's best-known harmonica maker, plans to eliminate 300 jobs in the coming year after having cut 100 in the past year. The moves add up to a slashing of the work force by two-thirds, to 200 from 600, over two years.

Deepening losses and slumping sales may seem a surprising fate for a com-

pany that manufactured the first harmonica 140 years ago and prides itself on having helped make music history on the other side of the Atlantic, where American blues and folk music became reliant on German instruments.

Bob Dylan, Neil Young, Stevie Wonder, Bruce Springsteen, the Beatles and virtually every blues musician from Muddy Waters and Big Walter Horton to the less prominent acts in Chicago's smoky blues clubs have blown riffs on the harps made in this remote town of 15,000 on the edge of the Black Forest.

Abraham Lincoln, when he was U.S. president, wrote a letter to the Hohner company describing how he relaxed with his harmonica.

"When I began playing 33 years ago, there were no other harmonicas," said Peter "Mad Cat" Ruth of Ann Arbor, Michigan, named the 1997 harmonica player of the year by the Society for the Preservation and Advancement of the Harmonica.

"Hohner had a monopoly." Founded in 1857 by Matthias Hohner, a clockmaker, the company's experience reflects both the glories of German industrial history and the fickle forces of today's global economy, in which attributes such as legendary craftsmanship and near-universal brand recognition no longer suffice to compete against products

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## Haze Darkens Mood in Southeast Asia

Smoke from vast forest fires in Indonesia, mingling with urban pollution, has spread into Malaysia, the Philippines, Singapore, Thailand, Brunei and Papua New Guinea.

The calamity coincides with the worst economic crisis to hit the region in many years, darkening people's spirits even as it shortens their daylight hours. Page 4.

### AGENDA

#### An Algerian Party Charges Vote Fraud

**ALGIERS (AFP)** — The National Liberation Front, a member of Algeria's ruling coalition, rejected a claim Sunday by its government allies that last week's local elections were fair.

The front's leader, Boualem Benhamouda, said his party had been robbed of victory in Thursday's vote by large-scale fraud. He called for legal action against "those responsible who are hiding behind this serious political plot against Algeria."

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The IHT online: [www.ihon.com](http://www.ihon.com)

**IN THE PITS** — Michael Schumacher after losing to Jacques Villeneuve for the world drivers' title Sunday in Spain. Page 20.



## Italy Scrambles to Safeguard Treasures

Constructing the triangle was the easy part. The



• Still, damage control is only now beginning on lower basilica for Sunday's service.

## Isolated and Ostracized Libya Turns to Tourism

charge of developing Libya's tourism

**Controlled by Our Staff From Des Moines**

"The president has not discussed what

democratic fold. Sources said Saturday that delegates had endorsed in principle a ministerial report condemning the West African nation. (Reuters, AFP)

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THE AMERICAS

# Black Women Get Their Turn At March in Philadelphia

By Michael A. Fletcher and DeNeen L. Brown  
Washington Post Service

PHILADELPHIA — Hoping to ignite a renewed sense of unity among women of African descent, hundreds of thousands of black women rallied here over the weekend for the Million Woman March, an assembly that at once resembled a family gathering, an intense call to duty and a huge open-air bazaar.

All along the mile-long march site, flowing from the steps of the Museum of Art, marchers ignored the raw, damp weather Saturday to pose for pictures with families, hug old friends and pore over the array of items being hawked by the scores of vendors who lined the way.

At the same time on the main stage, singers and poets performed and a long line of speakers admonished black women to ignore their differences and unite as one.

"From this moment, sister, no longer will you walk by your sister and not acknowledge her existence," said Asia Coney, one of the two Philadelphia activists who called for the march.

The bulk of the marchers seemed disconnected from the intonations of the eclectic series of speakers, in part because the speakers' platform was barely visible from many parts of the assembly.

Also, a faulty, low-tech sound system made it difficult for participants to follow events.

But those problems seemed secondary to many of the women who gathered, often with the hope that they would be a party to history.

"You can tell this was important for a lot of women because they came without knowing a whole lot about it," said Johnnie Gettings of Chicago. "I came because I wanted to tune into this. It was a sisterhood thing."

Women flooded into Philadelphia on airplanes, trains, buses, cars and vans, filling hotels and doubling up at the homes of friends for an event that many hoped would rival the Million Man March, which drew as many as 800,000 black men to Washington in 1995. That



Winnie Madikizela-Mandela responding to the crowd after her speech.

march two years ago is credited by some with sparking a new sense of responsibility and collective purpose in many African-American communities.

"I love it," said a smiling Sheryl Bundle, as she looked over the crowd along Benjamin Franklin Parkway. "I'm so excited to see so many positive sisters. Everybody's excited. Everybody is friendly."

Other women, however, said they were disappointed with an atmosphere that, in places, more resembled an ordinary street festival than the solemn spiritual awakening that was intended. "I actually felt some animosity out here," said Veatrice Blue, 19, who drove from Elizabeth, New Jersey, with two friends. "You can sense it from some of the women. It is a look that they give you."

While the event was called for black women, thousands of black men turned out for the march, often escorting their wives, daughters or girlfriends. Men from the Nation of Islam provided security for the speakers.

The Million Woman March was the

idea of Ms. Coney and Phile Chionese, grass-roots activists from Philadelphia. Ms. Coney and Ms. Chionese put together an event that spoke first to the needs of women locked in poor neighborhoods, where they watch too many of their men, children and neighbors fall victim to drugs, crime or prison.

The organizers largely excluded mainstream groups, including sororities that are significant networking groups for black women and many established civil rights groups.

As was the case with the Million Man March, the exact turnout for the Million Woman March is likely to be the subject of debate. City officials pegged the gathering at anywhere from 300,000 to 500,000 people, while speaker after speaker told the crowd that they outnumbered well over the organizers' goal of 1 million.

One of the speakers at the rally, Winnie Madikizela-Mandela, former wife of President Nelson Mandela of South Africa, said, "We are countless in unity."

## Report Urges Pentagon's Removal From Inquiry Into Gulf Illnesses

WASHINGTON — After a 20-month investigation, the panel that has led the chief congressional inquiry into the illnesses of Gulf War veterans will ask that the Defense Department and the Department of Veterans Affairs be stripped of their authority over the issue.

In its final report, the House Committee on Government Reform and Oversight said the congressional investigation showed that "a variety of toxic agents in the Gulf War," including Iraqi chemical weapons and pesticides, were probably responsible for the health problems reported by thousands of veterans.

The report, which is expected to be made public this week, says that the Pentagon and the Department of Veterans Affairs have so mishandled the investigation of the veterans' health problems that Congress should create or designate an agency independent of them to coordinate research into the cause of the ailments.

"Sadly, when it comes to diagnosis, treatment and research for Gulf War veterans, we find the federal government too often has a tin ear, a cold heart and a closed mind," said Representative Christopher Shays, Republican of Connecticut, who has overseen the House investigation.

A copy of the report, which is expected to have bipartisan support and to be approved by the committee in a vote this week, was obtained by The New York Times.

The report will be released only days ahead of a separate

study by a White House panel of experts that will be nearly as harsh in its criticism of the Defense Department. (NYT)

## Senate Speed-Up on Nominations

WASHINGTON — After being pummeled for weeks by the White House over their pace in approving nominations, Senate Republicans have started moving quickly to confirm a backlog of subcabinet-level officers, ambassadors and judges. The Senate's Republican majority leader, Trent Lott, insisted last week that there had been no slowdown, and he promised a rapid-fire series of votes on administration nominees in the next few weeks.

At the same time, the Senate Judiciary Committee has scheduled hearings to deal with as many as a dozen nominees for judgeships. The White House recently mounted a campaign to demonstrate that the Republicans' reluctance to approve judges had resulted in backlogs in courthouses across the nation, affecting the quality of justice. (NYT)

## Quote/Unquote

Senator Joseph Biden Jr., Democrat of Delaware, telling an audience he was still puzzling over the nomination of Governor Bill Weld of Massachusetts as ambassador of Mexico, which was torpedoed by another Republican, Senator Jesse Helms of North Carolina: "It was one of the most fascinating fights I've ever been engaged in. No one wanted him to be the ambassador, including him." (WP)

## AMERICAN TOPICS

### Nicotine's Cheering Squad

They can talk in Washington all they like about deals between cigarette makers and the states, or new federal legislation to curb tobacco marketing and sales, or the local laws that force smokers to huddle furiously on the street outside their office buildings. But in parts of the Southeast, tobacco growing is still big business. In fact, at schools like David Crockett High School in Jonesboro, Tennessee, learning about tobacco — not avoiding it, but growing it — is part of the daily class load for many students.

Many families in northeastern Tennessee, where Crockett High is located, grow tobacco to supplement their income. Tobacco brought the state \$225 million last year.

Mike Garland, a Crockett teacher, says that half his students will be farmers. They know that their state has some of the best tobacco-growing conditions anywhere — and that an acre's worth of burley tobacco can fetch \$4,000, more than 10 times what a farmer can get from corn.

Even the ome-time federal subsidies being considered to entice tobacco farmers to change crops are unlikely to work, many Tennesseans say. The reason is simple, said Brandon Henley, a Crockett sophomore who hates cigarette smoke but plans to grow tobacco: "There's too many people who smoke and chew."

### Short Takes

The house in Litchfield, Connecticut, where the author Harriet Beecher Stowe was born has been purchased for a symbolic \$1, to be moved and reopened as a museum. Her 1850 book, "Uncle Tom's Cabin, or Life Among the Lowly," was a stirring anti-slavery tract that sold an astonishing 300,000 copies, mobilizing opinion in the North against slavery while angering the South. President Abraham Lincoln considered it a prime factor in bringing on the Civil War, the nation's bloodiest conflict. The Stowe house, now in disrepair, will be opened at an undisclosed site after a renovation expected to cost \$1.5 million.

At a time when federal immigration law has made even many legal immigrants feel unwanted, a look to the town of Kohler, Wisconsin, is edifying. Walter Kohler Sr., who owned a bathroom fixture

manufacturing company, believed his immigrant workers deserved "not only wages, but roses." In 1918, he built a huge Tudor-style dormitory, the American Club, to provide them with clean, comfortable housing. Historic Traveler magazine reports.

Mr. Kohler hoped the pleasant living environment would encourage foreign-born employees to become American citizens. The 203 bedrooms were outfitted with the best of everything — especially bathroom fixtures. There was a bowling alley, a baseball league, a band and English classes. One day each spring, Mr. Kohler gave employees full pay and transportation to the county court house to take the citizenship oath. By 1930, 700 had become citizens. By the 1940s, however, the club had outlived its purpose. The company no longer needed to import workers, and there were other housing options. The club is now a luxury hotel.

Another tiny patch of America without television service has been discovered and promptly invaded. Several gas stations in the Seattle area have installed gas pumps equipped with small video screens where customers can watch the news or other programming during the seconds they spend filling their tanks.

Brian Knowlton

## Moderate Republican in a Squeeze

Conservatives' Coolness Hampers New Jersey Governor's Re-election Bid

By Jennifer Preston  
New York Times Service

TRENTON, New Jersey — After four years as one of the most prominent members of the Republican Party's moderate wing, Governor Christine Todd Whitman is finding that her politics are threatening to cost her some badly needed support for her re-election campaign among more conservative members of her own party.

With the election just over a week away, Whitman campaign officials said they were deeply concerned that the state's Republican base was not firmly in Mrs. Whitman's camp, particularly because they are facing a surprisingly strong challenge from the Democratic nominee, state Senator Jim McGreevey.

During Mrs. Whitman's 1993 race against Governor Jim Florio, conser-

vative Republicans rallied around her campaign, offering volunteers and money. But in interviews over the past week, leaders of various conservative groups across New Jersey said they were either actively working to defeat Mrs. Whitman or unable to generate much enthusiasm among their members for her candidacy.

Mrs. Whitman's decision to veto legislation this year that would have banned certain late-term abortions has angered groups opposed to abortion rights; her decision to borrow \$2.75 billion for the state pension system has troubled fiscal conservatives, even though she has cut taxes, and leaders of groups opposed to gun control say that while they are not opposed to her candidacy, they are finding it difficult to drum up support for her re-election.

In her first term, Mrs. Whitman not only opposed the abortion ban but also did not act to weaken gun-control laws, nor did she push for school vouchers as an alternative to the public-school system.

Although her moderate Republican positions reflect what pollsters describe as the views of most New Jersey voters, the difficulties she has faced in her campaign could signal difficulties for other moderate Republicans around the country, some strategists say.

"In 1993, she became a symbol of what the Republican Party should be," said Ralph Reed, the former executive director of the Christian Coalition who is now a Republican consultant in Atlanta. "Now, she is becoming a model of how not to be a winning Republican, primarily because she has not reached out to build bridges to the social conservatives."

## Away From Politics

• The U.S. Air Force will issue a report this week that concludes, largely by process of elimination, that the pilot who flew his A-10 Thunderbolt 800 miles off course on April 2 and crashed into a mountain in Colorado had made a sudden decision to commit suicide, a senior officer said. (NYT)

• A jaguar escaped from a cage and killed a rare snow leopard in another pen before officials at the Louisiana Purchase Gardens and Zoo were able to recapture it. (AP)

• A New York City police officer has been convicted of shooting a man to death in a dispute over a delicatessen parking space in a nearby suburb. The officer, Richard D. DiGiuseppe, 32, an 11-year police veteran, faces 25 years to life in prison for second-degree murder, based on depraved indifference to human life. His lawyer said he would appeal the conviction. (NYT)

• A 12-year drive by Prince George's County, Maryland, to pump almost \$100 million worth of extra staffing and resources into a group of nearly all-black schools has failed to lift their combined academic standing from well below the county's average, an analysis of test scores showed. Nationally, other schools systems have failed to turn around their troubled schools with similar spending plans. (WP)

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THE WORLD'S DAILY NEWSPAPER



## ASIA/PACIFIC

## The Mood Darkens as Haze Spreads Across Southeast Asia

By Seth Mydans  
New York Times Service

KUALA LUMPUR — Tigers and elephants are fleeing the burning jungles. Birds are falling from the murky skies. Schoolchildren are fainting at their desks. Ships are colliding at sea.

As a filthy haze from Indonesian forest fires continues to darken the sky across seven Southeast Asian nations, illness, ecological destruction and economic hardship are growing.

After four months, the man-made fires, set on the heavily forested islands of Borneo and Sumatra to clear land for crops, are spreading rather than shrinking. And with Indonesia suffering its worst drought in 50 years — a result of El Niño weather disturbances — no one knows how many weeks or months it will be until the monsoon rains finally arrive to douse the fires.

Smoke from the fires, mingling with urban pollution, has spread from Indonesia into Malaysia, the Philippines,

Singapore, Thailand, Brunei and Papua New Guinea.

A brief downpour brought temporary relief to the smoky southern region of Indonesia's Kalimantan Province over the weekend, but meteorologists said that desperately needed rains around the country would not begin anytime soon, Agence France-Presse reported from Jakarta.

[Thick smog from rampant forest and bush fires spread to more cities in Indonesia on Sunday, Reuters reported. Meteorologists said the number of cities covered by the smog had nearly doubled to 41 from 22 as of Sunday morning, while at least four airports were closed because of poor visibility.]

The calamity coincides with the worst economic crisis to hit the region in many years, darkening people's spirits even as it shortens their daylight hours.

Like the economic slump, it could have been foreseen and perhaps prevented. In both cases, warnings were ignored because the money was just too

good. With government officials and private businesses growing wealthy together, the environment got short shrift.

As with the economic crisis, the government's response to the ecological disaster has been ineffectual and hampered by corruption.

Well-connected palm oil plantation owners and pulp-and-paper companies in Indonesia have continued clearing land by burning off vast tracts of jungle, seemingly immune to laws or punishment.

Firefighting has been disorganized, and villagers in some of Indonesia's worst-hit areas say they have received little or no help.

"The way the government is handling the forest fires simply shows its inability to face such crises," Emmy Hatfield, director of Indonesia's leading environmental group, said last week. "So far, the government's commitment is not wholehearted; it is only a token."

The immediate effects of the smog have been dramatic. Airports have closed

and flights canceled around the region. Uncounted days of work have been lost as factories and mines have shut down and hundreds of thousands of people have fallen ill with respiratory ailments.

Huge amounts of overseas investment are draining away as foreign businessmen begin to avoid the region and as tourism — a \$26 billion industry in Southeast Asia — declines sharply.

"The haze is not only a national disaster; it has become an international disaster for the tourism industry," said Andi Mappi Samnang, the director general of Indonesia's Tourism Department.

Smog has dimmed the sun on beaches from Phuket in Thailand to the east coast of Malaysia to the southern Philippines. Hotels, restaurants and retailers in Singapore complain of a falling tourist trade.

The longer-term costs are harder to gauge.

The fires have burrowed deep into vast peat bogs and seams of coal, where experts say they may continue to smolder for years.

Environmentalists say that if the drought and the forest fires continue for much longer, and resume again when the next dry season arrives in June, the haze could be a continuing blight.

Already it has affected agriculture, and food shortages and rising prices are predicted. Reduced sunlight is slowing the growth of fruits and vegetables and reducing yields of corn and rice. The smoke is tainting cocoa crops. Birds, bees and insects have disappeared in many areas, disrupting pollination.

Indonesia is the world's leading producer of robusta coffee beans, largely used for instant coffee. It is the world's second leading producer of cocoa and palm oil and is a major producer of rubber. All have been affected.

Hundreds of people are reported to have died from starvation, dysentery and influenza. Some doctors say there could be a severe long-term toll on health that may not show itself for years, particularly among the young, the old and people with respiratory problems.

## BRIEFLY

## Dredging in Colombo

COLOMBO — Sri Lankan police have detained 40 suspected Tamil rebels out of some 1,000 people briefly held for questioning during a huge seal-off-and-search operation in the capital, Colombo, officials said Sunday.

The city was sealed off for nearly eight hours Saturday while about 5,000 security personnel and police officers conducted a house-to-house search for members of the Liberation Tigers of Tamil Eelam.

"The operation was concluded successfully," said Anuruddha Ratwatte, a Defense Ministry official. (AFP)

## Huang Dam Started

BEIJING — China on Sunday began to block the Huang River, known as China's sorrow for its catastrophic floods throughout history that have claimed millions of lives.

The \$4.17 billion Xiaolangdi dam and water control project in central Henan Province is among the most technically complicated that China has ever undertaken, involving an intricate network of tunnels threading through the river's banks. (Reuters)

## New Bangkok Protests

BANGKOK — More anti-government demonstrations took place Sunday in Bangkok, and protest leaders vowed daily pressure for the resignation of Prime Minister Chavalit Yongchaiyudt despite a major cabinet reshuffle.

About 300 business people and democracy activists protested Sunday in at the Sanam Luang ceremonial park, and about 100 students rallied outside Government House, Thai radio and the police reported.

Fourteen new ministers, including 10 who were not members of Parliament, were sworn in Saturday in a bid to revive Mr. Chavalit's administration, which has been the target of daily protests since the resignation of the finance minister last week. (AFP)

## Malay Law Assailed

KUALA LUMPUR — Opposition politicians and activists held a demonstration Sunday over a detention camp in the northern state of Perak, calling for the abolishment of the Internal Security Act.

"We urge the Malaysian government to totally repeal the powerful law which allows authorities to detain individuals without trial," said Sivarasa Rasiah, a spokesman for the organizers. He said 200 people took part. (AFP)

## Jiang Can Depart From the Script

By Seth Faison  
New York Times Service

BEIJING — When President Jiang Zemin of China wants to impress someone, often he breaks into song.

At dinner with President Fidel Ramos in Manila last year, Mr. Jiang surprised the Philippine president by showing that he knew the words, in English, to "Love Me Tender." The two men sang a duet. Then Mr. Jiang sang "Swanee River," solo, saying afterward that it was his favorite tune.

Mr. Jiang, 71, lacks the charisma, style or authoritative manner that might be expected of the man who stands at the helm of the world's most populous nation and its fastest-growing economy. In public, he appears stiff and awkward, and prefers to follow a script.

But his penchant for unexpectedly displaying his artistic talents — Mr. Jiang also likes to play piano and recite poetry — points to an unpredictable, wacky side as well.

Mr. Jiang set out Sunday on his first state visit to the United States, a weeklong trip that began in Hawaii. Billed as a milestone in U.S.-China relations, and the most important visit by a Chinese leader since Deng Xiaoping went to America in 1979, the trip is also a chance for Mr. Jiang to introduce himself to the world stage now that he has consolidated power as China's leader.

Mr. Jiang is often wooden in official gatherings. When he first met President

Bill Clinton at a conference in Seattle in 1993, he used up most of the allotted 60 minutes for their face-to-face meeting by reading from a prepared text.

By limiting himself to recasting positions that have already been worked out beforehand, Mr. Jiang suggests an unwillingness or a lack of authority to make decisions on his own. Some Chinese officials say that his eagerness to sing and play piano in public and private settings reflects a desire to show off and compensate for his political shortcomings.

"Jiang has a deep desire to make everyone like him," said a Shanghai official who served under him when he was mayor of Shanghai in the 1980s.

When Mr. Jiang was named general secretary of the Communist Party in June 1989, the common view in Beijing was that he was a lightweight and he would be lucky to last three years.

In 1997, Mr. Jiang passed his eight-year mark, and succeeded Mr. Deng as China's paramount leader when the patriarch died in February. Mr. Jiang then presided over a smooth transition from British rule in Hong Kong and convened a Communist Party congress that, by and large, went his way.

During those eight years, Mr. Jiang has successfully isolated and controlled several potential rivals, including former President Yang Shangkun and his brother, Yang Baibing, who were building a powerful faction in the army before Mr. Jiang neutralized them in 1992.

It is hard, many Chinese officials argue, to identify anything that Mr. Jiang believes in or stands for. He likes to recite sections of the Gettysburg Address and Declaration of Independence in English, yet here too he has appeared more interested in showing off his knowledge of such texts than in expressing any serious opinion about them.

Born near Shanghai to an educated family, Mr. Jiang was taken into the care of an uncle who was later said to have died as a "revolutionary martyr" with the Communist army, where a network of revolutionary veterans would prove instrumental in promoting Mr. Jiang's career.

As an engineering student in Shanghai in the years just prior to the Communist-led revolution in 1949, Mr. Jiang was exposed to popular Western music, taking a particular liking to Benny Goodman.

After the Communist takeover, Mr. Jiang first worked in mid-level management jobs at a soap factory in Shanghai, a sign that Mr. Jiang was unlikely to have played a significant role in the Communist underground, which generally rewarded its volunteers with important jobs after the revolution.

Wang Daohua, a comrade of Mr. Jiang's stepfather, helped Mr. Jiang win the prestigious job of mayor of Shanghai in 1985, where he mastered the art of tending to the elder men who ruled China and who traditionally came to Shanghai for part of the winter.



King Sihamoni and Queen Monineath bidding farewell to Cambodia as they boarded a plane for Beijing, where he will be treated.

## Hun Sen Reaffirms Leadership of Party

Compiled by Our Staff From Dispatches

PHNOM PENH — Hun Sen's Cambodian People's Party held a meeting over the weekend to discuss strategy in preparation for elections scheduled for May.

Despite growing dissatisfaction with Mr. Hun Sen since he deposed the first prime minister, Prince Norodom Ranariddh, in a coup this summer, observers said it was unlikely the

party would change leadership.

Party insiders say the way to guarantee victory in 1998 is for the party to stay united, and Mr. Hun Sen indicated that he would stay in control.

The meeting came as King Norodom Sihamoni bid farewell to Cambodia for possibly the last time. He flew to China on Saturday for medical treatment. He said he did not know if he would ever return. (AP, AFP)

## MIDWEST: In America's Heartland, Many People See China as a Land of Economic Opportunity

Continued from Page 1

country in corporate planning and household budgets, from classroom lectures to barroom commentary.

Just 10 years ago, Midwesterners from several states said in interviews, China meant little more than chow mein, the local Chinese takeout joint and dog-eared stories by Pearl S. Buck. But today, China is impinging on American lives as never before. Americans hike in Chinese-made shoes, eat on Chinese-made plates, play with Chinese-made toys, sleep in Chinese-made pajamas. Crop prices rise and fall because of Chinese decisions. Pensioners depend in part on China's economic success for their monthly checks.

"China has permeated down to small-town America," says Derek Park, the president of PMS Foods Inc., a soybean processor located behind the country's second-largest grain elevator in Hutchinson, a town of 40,000 in central Kansas.

"And that is a tremendous change. We run stories about it in the local newspaper, we talk about it at the Chamber of Commerce. The Chinese send delegations all over Kansas. Shoot, 10 years ago folks

here didn't know anything about foreign countries. Now, folks here are curious. And they're most curious about China."

In the Midwest, many said they were unaware of the Washington summit, set for Wednesday, and even fewer recognized President Jiang Zemin of China by name. Mr. Jiang, who arrived in Honolulu on Sunday, has bypassed the Midwest on a one-week tour of U.S. cities despite the urgings of the State Department. But many people here expressed interest in U.S.-China ties, and only a few people seemed to share the view in some Washington circles that China is a potential menace.

It is not hard to find concern here about China's poor human rights record, and many in this deeply religious region oppose China's policies that limit the freedom of belief. Businesspeople are wary of China's corruption, and several have returned from trips there with colorful tales of malfeasance. In all, however, the impression Midwesterners recounted was favorable.

China does not seem to be inheriting the ill will that Japan inspired when, two decades ago, it began to have an influence on the U.S. economy. Nor, despite the ef-

forts of a vocal anti-China lobby, has China acquired the deeply menacing aspect of the old Soviet Union.

The closeness and complexity in U.S.-China ties can be illustrated by a few figures.

During the first seven months of this year, Chinese exports to the U.S. rose 26 percent, to \$27 billion. China exports more clothes, shoes and toys to the United States than any other country. U.S. exports to China rose just 0.3 percent over the same period, to \$5.8 billion. The U.S. trade deficit with China is expected to reach \$44 billion this year, second only to that with Japan.

Kansas last year exported \$53 million worth of goods to China, 37 percent more than in 1994, mirroring strong upsurges from other midwestern states. One big growth area has been food, especially grains, as the Chinese move to a meat-rich diet that requires meat for their hogs, cattle and chickens.

But Kansas has also been exporting machinery, like boilers and energy equipment.

Hoping to acquire an edge in securing business in China, the state of Kansas 10 months ago hired a recent Chinese immigrant and American business school graduate, Al-

bert Liu, to promote China trade.

"I consider myself a Kansan," said Mr. Liu, a father of two who has recently moved to Topeka with his Chinese wife. Mr. Liu said he had taken to Kansas because, when growing up in China, he loved "The Wizard of Oz" and "Little House on the Prairie."

"This is the land of Oz and even Oz cares about China," he said with a smile.

Part of Mr. Liu's job is to encourage Kansas firms to invest in China. In 1996, American companies invested \$2.8 billion in China, according to the Commerce Department, a 42 percent increase since 1994. In addition, a growing amount of pension funds have poured into investment funds active in China.

Asked if that meant millions of retired Americans now counted in part on China's economic success for their monthly check, Ian Wilson, the editor of Micropal's Emerging Market Fund Monitor, replied, "Absolutely."

By comparison with the volume of trade, direct Chinese investment in the United States is relatively small. But it is growing.

On Oct. 1, 1995, two Chinese companies teamed up with an Amer-

ican investment firm to buy Magnaquest Co. in Anderson, Indiana, from General Motors Corp. for a reported \$70 million. The company makes industrial magnets for computers, automobiles and, potentially, military equipment, said Archibald Cox Jr., the company president.

"Hell, yes!" exclaimed Clyde South, a negotiator for United Auto Workers Local 662, which represents plant workers, when asked if he had opposed the sale. "I went to Washington to try to talk to the government into stopping it, but we didn't get it stopped."

Mr. South said his big problem was not politics, or weapons or other Washington-related concerns. He was worried about jobs. Union members feared the Chinese would buy the plant, close it and ship the equipment home.

"Some people were concerned about working for Communists, but let me assure you these people aren't Communists," he said. "They are capitalists of the first order. They understand making money."

"Anyway, not everybody from China is Communist. It just so happens the government is. We've got our share of commies in the United States, just not as many as them."

## India and Pakistan Vow To Restart Negotiations

Compiled by Our Staff From Dispatches

NEW DELHI — India and Pakistan have promised to resume as soon as possible their talks aimed at resolving disputes over Kashmir and other issues, reports said Sunday.

The foreign secretaries of the two rivals met in Edinburgh on the sidelines of the Commonwealth summit meeting and agreed to start a new, official dialogue as soon as possible. Talks between the two countries ended in deadlock in September.

Newspapers in New Delhi said that the Indian foreign secretary, K. Raghunath, and his Pakistani counterpart, Shamshad Ahmed, had "agreed to address all issues," including Kashmir.

Of the three wars between India and Pakistan since independence in 1947, two have been over Kashmir.

New Delhi says the Himalayan territory is an integral part of India, while Islamabad wants a UN-brokered referendum to decide the future of the Muslim-majority state.

Talks between India and Pakistan resumed in March after a three-year freeze on official relations. At a meet-

ing in Islamabad in June, the two sides set an eight-point agenda, including peace and security, Kashmir and confidence-building measures.

"The two sides have agreed to address all issues listed in the joint statement" from the June talks, The Times of India quoted a press statement as saying. "They actively agreed to continue discussions in this regard through diplomatic channels."

The meeting on Saturday between the two foreign secretaries followed a 75-minute breakfast session between Prime Minister Inder Kumar Gujral of India and Prime Minister Nawaz Sharif of Pakistan, at which the Kashmir issue was discussed.

In a BBC television interview Saturday, Mr. Gujral said his meeting with Mr. Sharif had been a success.

"I am a very stout optimist," he said, adding, "One thing is very clear and that is the fact that both the prime minister of Pakistan and myself want to sort things out."

Mr. Sharif described the meeting as a "major step forward." (AFP, Reuters)

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## EUROPE

## EU Fails to Reach Agreement on Welcoming New Members

By Barry James  
International Herald Tribune

MONDORF-LES-BAINS, Luxembourg — Governments agree that the European Union must take in the former Communist nations of Eastern and Central Europe, but foreign ministers meeting here over the weekend could not find a way to handle that potentially turbulent and costly process.

They have only a few weeks to fashion guidelines for heads of state and government, who will meet in Luxembourg in mid-December to decide which countries to invite into the 15-nation union, and on what basis.

Eleven countries are waiting for an invitation. The European Commission, the EU's executive, says that on objective economic and political grounds only six — the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus — have a chance of qualifying for membership within the next four or five years.

But some governments are arguing that to admit some, while excluding Bulgaria, Latvia, Lithuania, Rumania and Slovakia would be to cast dangerous new economic and political divisions across the face of Europe.

Looming over the whole process is the question of what to do about Turkey.

For the past quarter of a century, Turkey has been trying to get into the European trade bloc, and has achieved a comprehensive association agreement with it.

Last month, Prime Minister Mesut Yilmaz of Turkey started a concerted campaign in European capitals to drum up support for his country to be accepted as a EU candidate.

But many European governments have never, for complex historical and geographical reasons, considered Turkey, which is mostly in Asia, to be part of Europe.

Turkey's bleak human-rights record, its war against the Kurds and its oc-

cupation of northern Cyprus in defiance of United Nations resolutions are also among the reasons why Turkey still may have a long way to go before being accepted as a candidate for EU membership.

The European Commission says it would like to negotiate entry for the whole of Cyprus, but will proceed with negotiations with the Greek Cypriot government if it does not get cooperation from the Turks. Officials said to delay negotiations on Cyprus because of pressure from Turkey could be seen as tacit acceptance of the illegal occupation.

Jacques Poos, the foreign minister of Luxembourg, who chaired the meeting here, said that the EU will send three missions to Turkey in November to discuss these issues.

The EU, meanwhile, remains divided on whether to invite Turkey to a standing conference of candidate nations that will be set up next year.

The Italian foreign minister, Lamberto Dini, said Greece was adamantly

opposed to allowing Turkey into the European Union, and the German foreign minister, Klaus Kinkel, said his government would oppose Turkish membership until the country solved its human-rights problems.

All 11 potential members will be invited to the standing conference, and all of them will share in 70 billion European currency units (\$63 billion) of aid that the EU will make available for the candidate nations between 2000 and 2006.

But Mr. Poos said that the European Union would deal individually with each nation, meaning that those that most quickly adapt their economic, political and legal systems to EU standards will be the first to enter.

Without giving details, Mr. Poos said ministers will explore possible "intermediate ways" between the European Commission's recommendation that accession negotiations be opened with only six countries, and the view of Denmark, Sweden and Greece that the negotiations should simultaneously be

opened with all candidates to avoid creating divisions.

Proponents of the latter approach, however, say they recognize that they have a problem with Slovakia, where the government is seen as demagogic and undemocratic.

The view that negotiations should simultaneously begin with all the candidates is not universally shared in Eastern and Central Europe. The Hungarian prime minister, Gyula Horn, has argued that this would be unfair to those countries that have made the greatest efforts to bring their economies and political systems up to EU standards, while removing incentives for the laggards to carry out the necessary reforms.

Prime Minister Janez Drnovsek of Slovenia said he could understand the frustration of countries excluded from the first round of negotiations, but added that he would have a hard time explaining to his people why they should wait for membership until the rest catch up.

## BRIEFLY

## Truckers in France Threaten to Strike

BAYONNE, France — Truckers in southwest France handed out leaflets ahead of a planned nationwide strike beginning next Monday as talks with management bogged down one year after a crippling walkout.

Talks are to resume in Paris on Tuesday between unions, trucking companies and the Transport Ministry on fulfilling an agreement that ended last year's strike. Unions threaten a walkout unless the meeting is successful.

"Everything's ready for the roadblocks," said Roger Poletti, secretary general of the Workers' Force-Transport union, among the country's leading unions demanding immediate 5-to-7-percent raises for the truckers. (AP)

## Poll Says Jospin Is Not So Popular

PARIS — Voter discontent with Prime Minister Lionel Jospin is rising, and the Socialist is almost neck-and-neck with President Jacques Chirac, a poll showed Sunday.

Mr. Jospin is still more popular than Mr. Chirac, with 49 percent support compared with 45 percent for the president who called the snap parliamentary election in June that the left unexpectedly won, according to the IFOP poll for the Journal du Dimanche newspaper.

But the level of discontent with Mr. Jospin has risen sharply, from 31 percent in September to 40 percent in October. Mr. Chirac fared slightly better, with voter dissatisfaction rising from 36 to 41 percent. (Reuters)

## Kohl Defends Picking Schaeuble

MAGDEBURG, Germany — Chancellor Helmut Kohl on Sunday defended his decision to nominate Wolfgang Schaeuble, the parliamentary leader of the governing Christian Democratic Union, as his designated successor.

Speaking to a rally of the youth wing of the Christian Democrats, Mr. Kohl said he understood the criticism from within the three-party coalition for publicly stating for the first time that he wanted Mr. Schaeuble to succeed him as chancellor. Mr. Kohl, 67, said: "But I still consider it to be the right thing. Schaeuble is a man who truly deserves to be chancellor." (Reuters)

## Ulster Enjoys the Calm

## Peace Talks Bring Cautious Optimism

By James F. Clarity  
New York Times Service

BELFAST — After 28 years of sectarian violence in Northern Ireland, peace is quietly settling across this British province.

The violence — between Roman Catholic republicans who want an end to British rule and Protestant unionists who want Northern Ireland to remain part of Britain — stopped three months ago, when the Irish Republican Army renewed a cease-fire. More than 3,200 people have been killed in the conflict in Northern Ireland since 1969.

The July 20 cease-fire cleared the way for the IRA's political wing, Sinn Fein, to enter formal peace talks here with most of the other political parties and the British and Irish governments. To the cautious relief of officials and residents, Protestant and Catholic political leaders are now in their second week of discussing the contentious issues that have divided their communities.

"The war is over," said Mari Fitzduff, director of the Initiative on Conflict Resolution and Ethnicity, a privately funded peace group.

"It's just the compromises that are going to take some time." "The anger that stimulated the war in the first place is significantly diminished," she added, referring to the grievances of Northern Ireland's Catholic minority against Protestant local officials and the British government. "Most of the inequalities have been dealt with, and Catholic children feel they can gain a place in the sun."

People are taking heart from the fact that Sinn Fein and the Ulster Unionist Party, the largest political organization in the province, are sitting at the same negotiating table. But there are many extremely difficult issues on the table, and a new outbreak of violence could cause the talks to collapse. So people in Northern Ireland have their fingers crossed in hope, and are waiting to see if permanent peace is really coming.

The streets of Belfast are now officially considered safe enough, physically and politically, for a visit scheduled for Oct. 31 by Hillary Rodham Clinton.

The chairman of the talks, George Mitchell, a former U.S. senator who has been involved in the peace effort for two and a half years, said that for the first time in Northern Ireland's history, "there are now serious, responsible, regular, daily talks." He added, "That's the stuff of negotiations. I've been very much encouraged."

Liz O'Donnell, the Irish deputy foreign minister, said: "It's quite exciting. Things are going at a steady pace everybody is anxious to sustain."

Not all Northern Irish are so sanguine. The leader of the Protestant Church of Ireland, Archbishop Robin Eames, said in a speech Tuesday:

"Hope is a fragile emotion. Acceptance or rejection of change will depend on the attitude of confidence or a lack of confidence of people at the grass roots. If that attitude is to be one of never-ending suspicion and mistrust, nothing will be gained."

David McKittrick, author of several books on Northern Ireland, said: "There's an awful lot of hatred out there. The talks are not driven by reconciliation and holding of hands, but by the fact that people don't like each other."

He also pointed out that plausible recent reports have said that some officials of the IRA — which has not permanently renounced violence — are unhappy with the pace of the negotiations.

The most difficult issue, the disarmament of the IRA and Protestant paramilitary groups, has been laid aside for now. The subjects under discussion include a perennial demand of Sinn Fein and the IRA: a united Ireland, free of British control, run from Dublin, the capital of the overwhelmingly Catholic Irish Republic. That concept is an abomination to Protestant unionist leaders.

The Irish and British governments have both stated that there will be no change in the political status of Northern Ireland without the consent of the majority, which will probably remain Protestant well into the new century. More likely would be agreement on the creation of cross-border commissions, made up of officials from Northern Ireland and the Irish Republic, that might administer such matters as fisheries or tourism.

But achieving this would still be a



FLOCKING TO THE CAPITAL — Thousands of sheep passing through the streets of Madrid on Sunday as part of a demonstration by Spanish shepherds in support of the right to use ancient transhumance routes.

challenge, as Protestants have said they will fight any institutions that seem to erode British sovereignty.

A related issue is the Irish Republic's constitutional claim of sovereignty over the North, which was broken off from what is now the Irish Republic 75 years ago. Last week Foreign Minister David Andrews of Ireland tried to explain his government's policy on this issue: that the republic would modify its claim of sovereignty as part of an overall agreement on the North's future and would put this change to a referendum. The

Ulster Unionists temporarily walked out, disputing Ireland's seriousness in submitting this for negotiation.

"Nobody wants the final compromise to come too quickly," said Ms. Fitzduff, the peace group director, "because it's the end of the dream for both sides. It will have to be a perforated border as opposed to a united Ireland. And unionists will have to abandon dreams of unity forever with the motherland."

As for the republicans' goal of a united Ireland, she added: "Sinn Fein will sell the compromise on the basis of its being

a transitional agreement. People really are quite weary of the war."

## ■ Booby-Trapped Car Kills Driver

A booby-trap bomb killed the driver of a car in a Protestant area of Northern Ireland on Saturday, but officials said the attack did not appear to be part of the province's long-running Protestant-Catholic strife, Reuters reported. Sources said the bombing, on the Killooley housing project in the town of Bangor, might have been linked to crime or to rivalry between Protestant factions.

## Its Troops Still in Iraq, Turkey Is Caught Up in Kurdish Infighting

By Kelly Conturier  
Washington Post Service

ANKARA — The Turkish military, determined to crush Kurdish separatists, has deepened and prolonged its involvement in northern Iraq, in the process taking a role in the continual infighting among Iraqi Kurds.

Turkish officials dismissed news reports that the army had set up a full-time security zone inside Iraq, like the strip of southern Lebanon that Israel occupies. But Western sources said Turkish troops had maintained a presence across the border since May, with troop estimates varying between several hundred and tens of thousands during offensives.

In May, Turkey began a major offensive against rear bases of the separatist Kurdish Workers Party, a Syrian-based guerrilla organization that has waged an armed insurgency in southeastern Turkey since 1984.

Since then, Turkey has allied itself

with the Kurdistan Democratic Party, an Iraqi Kurdish group led by Massoud Barzani, which controls the border.

Together, Turkish troops and Mr. Barzani's group have worked against the Kurdish Workers Party, which for years has used bases in the Iraqi border region to stage attacks into Turkey.

Turkish and Western sources say Ankara has no plans to keep its troops permanently stationed in Iraq. Instead, Turkey plans to supply Mr. Barzani's Iraqi faction with weapons and cash to be used to repopulate villages along the border and create a village guard system that would work to keep the region clear of the Kurdish Workers Party, the sources said.

Turkish efforts over the years to keep the Kurdish Workers Party out of Kurdish-held northern Iraq have failed, with many rebels fleeing cross-border Turkish assaults and eventually filtering back into the area. But the government in Ankara appears convinced that clearing northern Iraq of Kurdish Workers

Party rebels is the key to ending the insurgency, in which more than 26,000 people have died.

As a result, Turkey has increasingly asserted its right, as a matter of national security, to operate in northern Iraq, despite harsh criticism from Syria and Iran as well as from Iraq, which has been denied authority over the Kurdish enclave by U.S.-led air patrols enforcing a "no-fly" zone.

Turkey's recent alliance with Mr. Barzani's group led a Western source to say that conditions in northern Iraq were "moving closer to the situation in southern Lebanon," where Israel has engaged a local militia in its efforts to counter attacks from anti-Israeli Hezbollah forces.

Another Turkish analyst disagreed, saying that neither Baghdad, which still wields influence in the Kurdish enclave despite the no-fly zone, nor Mr. Barzani's group would allow a southern Lebanon-type situation to emerge.

The status of Turkey's presence in the

area is difficult to discern since the military has barred journalists from the zone since May.

Ankara's hopes that its alliance with Mr. Barzani would produce a more effective effort against the Kurdish Workers Party have been complicated by the renewal of fighting on Oct. 12 between Mr. Barzani's Kurdistan Democratic Party and the rival Patriotic Union of Kurdistan led by Jalal Talabani.

The two groups have administered the Kurdish enclave in northern Iraq since the no-fly zone was set up by the allies after the 1991 Gulf War to protect the population from President Saddam Hussein of Iraq.

The two Kurdish groups have clashed intermittently since 1994, and they resumed fighting two weeks ago, breaching a U.S.-brokered yearlong ceasefire.

Now Turkey, which over the past week and a half has bombed what it says are Kurdish Workers Party positions and what Mr. Talabani says are his group's

positions, is being accused of taking sides in the Iraqi Kurdish infighting.

Turkish and Western sources say the Kurdish Workers Party is collaborating with Mr. Talabani's faction in the latest Turkish offensive, creating huge difficulties for the Ankara government, which has been working with the United States and Britain to broker a peace agreement between the rival Iraqi Kurdish groups.

After the bombing raids Thursday in northern Iraq, a spokesman for Mr. Talabani told the Reuters news agency that "essentially, the Turks have turned from a sponsor of the peace process to a party to the conflict."

The Turkish Foreign Ministry repeated that the Turkish air raids were targeting Kurdish Workers Party positions and denied that Turkey was taking sides in the Iraqi-Kurdish fighting.

Ankara, a ministry spokesman said, remains committed to promoting peace among Iraqi Kurds to bring stability and security to the region.



## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Working With China

President Jiang Zemin of China arrived in the United States Sunday for the first state visit by a Chinese leader since the 1989 massacre at Tiananmen Square. The long gap between high-level meetings inevitably imbues this week's events with significance. What is important is not to burden the meetings with undue expectations.

Mr. Jiang and President Bill Clinton met at a time when there is no shortage of sources of friction between the world's lone superpower and its most rapidly emerging potential rival. China's relatively closed markets contribute to a growing U.S. trade deficit, likely to hit \$50 billion this year—second only to the U.S. deficit with Japan. China continues to arouse suspicions with its supplying of missiles, chemicals and other weapon components to what the United States reasonably enough considers rogue regimes. Its episodic bullying of Taiwan, its continuing brutalization of Tibet and its uncertain intentions toward Hong Kong all command attention. Allegations of illegal Chinese interference in U.S. domestic politics still are being investigated. Mr. Jiang's regime continues to stifle religious and political freedom. And there is a long-term question of whether the emerging Chinese superpower, led as ever by a Communist dictatorship, is gathering strength in order to challenge both America's standing in Asia and the world and the democratic values Americans associate with their world leadership.

It's quite a list. But President Clinton, after a journey of many years, has formulated a policy that argues for continued engagement despite these tensions. It's a policy that acknowledges the long-term risks, but also argues that China could evolve differently — as a cooperative superpower with a gradually liberalizing political system. The choice is China's. Mr. Clinton argues, but the United States should do what it can to encourage a favorable outcome. That calls for dealing frankly on issues such as trade and human rights without making any single issue a litmus test or a basis for cutting off contact. It also calls for promoting cooperation in areas where the two nations may share interests, such as promoting stability in Korea.

This is a policy of some coherence, and Mr. Clinton has enhanced its credibility in the past couple of years by firmly pursuing another aspect of it, less spoken of but equally important: the maintenance of a strong U.S. presence in Asia. By sending aircraft carriers to the Taiwan Strait when they were needed, by strengthening this year the U.S.-Japan security alliance, by firmly supporting South Korea and in other ways, the United States reassures China's neighbors in Asia — and reminds China — that the United States intends to counterbalance China's growing strength, now and in the future.

Still, the administration's zigzag course to its current policy and suspicions of its susceptibility to pressure from commercial interests will continue to maintain a steadfast policy of engagement without appeasement. The mythical lure of the Chinese market has clouded more than one policymaker's vision, and most Americans will recoil if Mr. Clinton does not accord sufficient weight to the thousands of prisoners of conscience suffering in Mr. Jiang's gulag today. Thus, if Mr. Clinton uses the occasion of the summit meeting to certify, as expected, that China now is meeting its obligations not to promote the spread of nuclear weapons and so may purchase U.S.-made nuclear reactors, his evidence will be judged cautiously. The administration is correct that China has come a long way from its days as a proud and avowed proliferator in its current status as signatory of non-proliferation and test-ban treaties. But Congress will be correct to examine the substance of China's new promises and its recent record.

For the most part, the administration rightly has avoided what national security adviser Sandy Berger calls the "trap" of big-power summitry: the pressure to sign agreements, even ill-considered ones, so the summit will be judged a success. It will be more difficult, but just as important, to avoid that trap as the two presidents make plans for a Clinton visit to China next year.

—THE WASHINGTON POST

## Turkey and the Kurds

Efforts to take political advantage of political prisoners are an old story. The current case in Washington involves Leyla Zana, an internationally known advocate of self-determination, or statehood, for Kurds in Turkey. Elected to the Turkish Parliament in 1991, she was sentenced three years later to 15 years in prison for separatism and promoting the destruction of Turkey's territorial integrity. She is 36, the mother of two, articulate, courageous and culturally at home in a Western setting. A campaign to free her is on now.

There seems little doubt that Ms. Zana is a separatist. That is what her bold advocacy of Kurdish self-determination is about. Kurds, who also live in Iraq, Iran and Syria, pose a challenge to all of their hosts but nowhere so keenly as in Turkey, where a no-holds-barred war is being waged by Turkish armed forces and the avowedly separatist Kurdish Workers Party, or PKK. The Turks identify the PKK as a terrorist organization; on this point the last three American presidents have agreed with their NATO ally.

For the Turkish authorities, a seamless web connects Kurdish political advocates to military rebels to outright terrorists. In the official view, separatism and terrorism are synonyms, and Ms. Zana is, if not a terrorist, then someone who "serves the agenda of a terrorist organization." But this goes way too far. The parliamentarian and the PKK may share an agenda of Kurdish self-determination. But the one approaches it politically and the other by violence. In a democracy, which Turkey professes to be, this is a crucial difference. A democracy worthy of the name cannot simply categorize its political opponents as criminals, jail them and refuse to discuss their grievances.

The current and recent Turkish governments have put the very great problem of the Kurds in the hands of a Turkish military officer insensitive to human rights. Earlier leaders, including Turgut Ozal, had hinted at a civilian solution. It is a fair question whether the rush of military events may not have diminished the possibility of political compromise between the side insisting on Turkey's unbreakable territorial integrity and the side demanding full Kurdish sovereignty. Remote as it may be, however, a middle way dealing with cultural and economic rights as well as political ones offers the only practical alternative to permanent conflict. Politicians like Leyla Zana could yet have a role.

—THE WASHINGTON POST

## Privacy Code

The U.S. Centers for Disease Control and Prevention makes a good case for mandatory reporting of all cases of HIV infection. But any reporting plan must protect the privacy of infected individuals. Although every state requires that AIDS cases be reported to health authorities, only 26 states collect such data on individuals infected with HIV who have not yet developed AIDS. New York, for example, does not require HIV reporting.

New medical advances that delay the onset of symptoms and reduce death rates have so altered the epidemic that collecting data on only those in the advanced stages of the disease is now inadequate. A national reporting requirement would allow authorities to track the disease better, target prevention services to vulnerable populations and allocate medical resources more effectively.

Even so, great care must be taken to protect individual privacy. Many fear that their HIV status, if it became known, could be used against them in employment, housing and health insurance. Unless confidentiality can be guaranteed, a reporting requirement will very likely deter people from being tested and seeking medical care.

One way to avoid unauthorized disclosure of sensitive information is to use anonymous coded identifiers in reporting HIV patients instead of their names. This approach may be more costly to set up and manage, but it would ensure strict security of reported information.

—THE NEW YORK TIMES

## Herald Tribune

ESTABLISHED 1887

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S.A.S. au capital de 1 200 000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337  
© 1997, International Herald Tribune. All rights reserved. ISSN: 0246-8022

## America Must Stay the Course of Engagement

By Owen Harries

WASHINGTON — The issue of human rights always figures prominently in American foreign policy discourse. This year, the sustained focus on China — now culminating with the visit of President Jiang Zemin — has given it a particular salience and intensity. Many, perhaps most, Americans of all political persuasions believe profoundly that it is their nation's right and duty — indeed its destiny — to promote freedom, justice and democracy in the world. As President Bill Clinton said in his speech on China Friday, "to do otherwise would run counter to everything we stand for."

It is a noble and powerful impulse, one not casually to be ridiculed or dismissed. But acting on it — if one is concerned to be effective and not merely to feel virtuous — is more complicated and difficult than many human rights activists will allow.

Typically, the proponents of human rights see things in straightforward terms. They regard those rights as absolute and demand consistency in their application, denouncing anything less as hypocrisy and cynicism. These denunciations are given some plausibility by the failure of administrations to live up to inflated official rhetoric on the subject.

But the truth is that while individuals and special-interest groups are free to give human rights absolute and unqualified priority, governments are not.

For the activist, human rights are a cause. But when they are incorporated into a government's foreign policy, they become an interest, one among many. Their claims have to be balanced against those other interests, many of which — apart from having a compelling practical importance — have moral content and moral claims of their own (for example, peace, security, order, prosperity).

The place that human rights will occupy in the hierarchy of interests will necessarily vary from occasion to occasion.

Sometimes, as when the violation of rights is horrendous and no other vital

interest is at risk, they will rank very high; sometimes they will have to give way to other compelling interests. America's wartime alliance with Stalin's Soviet Union is a striking example of such a subordination.

It would be convenient if all one's interests always pointed in the same direction, but they don't. In his celebrated essay, "Two Concepts of Liberty," Sir Isaiah Berlin makes this point in sober terms:

"If, as I believe, the ends of men are many and not all of them are in principle compatible with each other, then the possibility of conflict — and of tragedy — can never be wholly eliminated from human life, either personal or social. The necessity of choosing between absolute claims is then an inescapable characteristic of the human condition."

Not hypocrisy or cynicism, note, but "an inescapable characteristic of the human condition."

The other factor that complicates the application of human rights policy — what makes it not a simple matter of consistency but a complicated one of judgment and discrimination — is the variability and particularity of circumstance.

What makes good sense in one set of circumstances may well be futile in another — and positively disastrous in a third.

Consider some of the "circumstances" that are relevant in the current case of China.

First, the population of China is greater than the combined populations of North America, Europe and Russia. Imagine the task of governing all three of those vast territories from one center.

You may then begin to appreciate the problem that the governing of China would present even to the smartest of governments — let alone to a bunch of elderly men saddled with very bad and outdated political habits and a distorting ideology.

It will also help to keep some numbers in perspective — and while for the moralist every individual counts, in politics numbers matter.

According to human rights activists, the number of political prisoners in China currently is 3,000 — about 0.00023 percent of the total population.

Second, in this century, China has experienced the collapse of a traditional regime, warlordism, civil war, invasion, famine and mass terror. A mere quarter-century ago it was still experiencing a massive convulsion brought about by the manipulations of a megalomaniac.

A country with that abysmal record is likely to put an unusually high premi-

um on maintaining order and stability, and be willing to subordinate much to achieve those ends.

Third, for the last two decades or so China has been experiencing what is probably the fastest rate of economic growth and transformation in human history. In the late 1970s, Deng Xiaoping declared that the Chinese economy would quadruple in size by the end of the century. At the time it seemed just another extravagant Communist boast, but China has already passed that target.

The effects of this extraordinary progress are complex. On the one hand, the present must seem like a golden age for most Chinese. There is order, there is peace, there is unprecedented prosperity, and the state weighs less heavily on their backs than at any time in the last 48 years.

On the other hand, the frantic growth has also created serious strains and problems, among them pervasive corruption, environmental devastation, unemployment in state enterprises and a failure to develop institutions essential to the new economy (including legal and banking systems).

For the ruling elite these and other problems raise serious uncertainty about control and stability. Fear of things getting completely out of hand — what President Clinton rightly referred to as China's "historical fears of chaos and disintegration" — must be real.

Urgent domestic pressures and opportunities are what will determine the behavior of the Chinese leaders in the foreseeable future, not outside influences.

Still, the United States will have to decide on a policy toward this increasingly important country. The discussion has been framed in terms of a choice between containment and engagement. They are inadequate terms. But it should be noted that we have something better than abstract speculation to go on concerning their respective merits.

For over the last half-century the United States has tried both.

From 1949 until 1972 it opted for containment, nonrecognition and virtually nil engagement — and that period was one of almost uninterrupted disaster and misery for the Chinese people.

Starting in 1972 the United States has opted for active engagement — and, despite occasional setbacks, those years have been ones of spectacular improvements both in economic conditions and, yes, human rights.

This, of course, does not establish a direct causal relationship between engagement and improvement. But the two are surely not entirely unrelated, and the president is right when he insists that America must now stay on that course of engagement.

The writer, editor of *The National Interest*, contributed this comment to *The New York Times*.

**In its policy toward China, America must balance human rights concerns with other interests, many of which have moral content of their own.**

## Currency Crisis Spells a Greater Beijing Role in Hong Kong

By Philip Bowring

HONG KONG — The crisis that is only just beginning to unfold will severely test Hong Kong's internal cohesion and its financial autonomy vis-à-vis Beijing. The Hong Kong dollar peg to the U.S. dollar can hold just as the Argentine peso — likewise subject to a currency board system — held after the Mexican debacle. But the cost will be much higher than many of Hong Kong's richest citizens will be prepared to bear. Meanwhile, China seems of two minds about Hong Kong's predicament.

The crisis should not be seen as surprising or irrational. Hong Kong does not have a current account deficit, but it does have all the other woes that have undermined the currencies and markets of Southeast Asia, notably excessive credit growth to finance and property sectors fueled by massive capital inflow. Seven years of credit growing at twice the rate of GDP had driven Hong Kong property prices to levels that exceeded Japan's peaks. A squeeze on supply coinciding with a surge in credit has meant that more than 5 percent of GDP has been going straight into the pockets of a cartel of developers. They were worried already by Chief Executive Tung Chee-bwa's plans for increased housing supply. Now the reckoning for them has just begun.

The authorities here now realize that Hong Kong does not just face the problem of descending asset prices. In the wake of the

regional devaluations it now finds the broader economy is in danger from cost excesses. Tourism has slumped and many service industries may shift to Singapore, Tokyo, Shanghai, Sydney, Bangkok and elsewhere where costs are much lower.

Hong Kong must deflate. The only question is whether this is achieved by abandoning the peg or maintaining it through high interest rates and a massive reduction in asset prices. Most savers would prefer a stable currency.

Small savers who own neither property nor shares and must save for retirement have for years seen the real value of their savings eroded to the benefit of asset owners. Most want a stable

currency and low inflation.

However, the developers and a significant part of the new property-owning — but mortgage-paying — middle class, which have both benefited inordinately from asset escalation and low to negative real interest rates, would prefer the currency to fall than their asset values to be crippled by deflation and high interest rates. Likewise, businesses such as tourism and manufacturing are desperate for a devaluation.

Beijing is torn. It seems to recognize that Hong Kong has had a bubble that needed deflating, is conscious of failures elsewhere to feed off currency pressures and would be loath to commit its own resources to defend the wealth of its little enclave, which boasts financial

autonomy. On the other hand, abandoning the peg under pressure and so soon after the handover would be a loss of face. It would also probably undermine Hong Kong's use in raising foreign capital for mainland enterprises.

Beijing will emerge as more involved in Hong Kong affairs, whether it wants to or not. If the peg holds, that will be partly attributed to support from China's own reserves. If it does go, it will be assumed that this was done with Beijing's approval.

In the end, it is Hong Kong's people, not speculators or Beijing, who — for once — will have the biggest say in the currency. Will they keep faith with a Hong Kong dollar that can only go one way against the U.S. currency? Local banks have imposed huge penalties on those switching Hong Kong deposits into U.S. dollars. But what will happen when those Hong Kong deposits mature? What interest rate will be needed to keep local confidence?

If Hong Kong dollars are in short supply, how many will now be willing to take an exchange risk and borrow foreign currency instead? Southeast Asia is a tale of mammoth losses from currency mismatch. Hong Kong already has much bigger exposure than most imagine. Foreign currency lending for use in Hong Kong totals over U.S. \$45 billion, similar to Thailand's, and banks' Hong Kong dollar loans-to-deposits ratio is 110 percent.

If the peg falls, stand by for massive losses by international banks, already facing a mountain of nonperforming loans in Southeast Asia. If it doesn't, watch the crumbling of developers' worth.

Hong Kong may have an interlude of relative quiet, helped by official support while President Jiang Zemin is in the United States. But so far we have seen only Act One of the play.

The writer, formerly editor of *The Statesman (India)*, is now an editorial consultant with *The Straits Times (Singapore)*. He contributed this comment to the *International Herald Tribune*.

## Battle of the Airwaves: India Invokes Asian Values

By Sunanda K. Datta-Ray

NEW DELHI — It is now India's turn to invoke the sacred cow of Asian values to consolidate the government's political and financial authority. Behind the action against Star TV's Rupert Murdoch, his Indian chief executive, Rathikanta Basu, and 26 others — who have been summoned to appear in a New Delhi court Monday on charges of broadcasting four "obscene" films — lies a much more potent battle for control of the airwaves.

Of course, Star's immensely popular music program, MTV, is loud and brash. Of course, V. N. Gadgil, a former information and broadcasting minister, is right to complain that young Indians — though only the urban well-to-do — are addicted to "watching MTV and buying jeans, Coca-Cola and hamburgers." But they would have capitulated to the zeitgeist anyway.

Star's local rival, Zee TV, in which Mr. Murdoch also owns a substantial chunk of shares, captivates millions of viewers with very similar lyrics, rhythms and gyrations, except that it broadcasts in Hindi. With even the offspring of orthodox Hindu politicians succumbing to the lure of jeans and Coke, the complaint of cultural contamination is only a red herring. Deep-seated political and economic concerns underlie the charge that foreigners are undermining India's moral values.

When Mr. Murdoch beamed the first private television shows into India in 1991, providing a lively alternative to the dull fare dished out until then by Doordarshan, the government TV monopoly, there were no curbs on foreign ownership of satellite networks. It was not that the government of the day had made a conscious decision to open the skies. But, politically, it was an unsettled time, and while New Delhi hesitated, enterprising businessmen took advantage of the vacuum to put up satellite dishes and canvass subscribers. The response was immediate and enthusiastic. Mr. Murdoch and Star ruled the Indian sky.

In December 1992, when Hindu militants demolished a mosque that a Mogul emperor had built on the site of an ancient temple, Prime Minister P. V. Narasimha Rao grumbled that the protest riots across the subcontinent had been sparked by the BBC's instant reporting, which was part of the Star package. But Mr. Rao and his finance minister, Manmohan Singh, were committed to deregulation in all fields. The broadcasting revamp had to wait until Inder Kumar Gujral became prime minister this year at the head of an uneasy minority coalition.

His is a dual approach. He has dusted off a bill that was passed in 1990, but not enforced, sanctioning an autonomous corporation for Doordarshan and All

India Radio. At the same time, he has introduced legislation to license private broadcasters and clamp a 49 percent limit on foreign ownership of television channels. This is an improvement on the draft bill's earlier ceiling of 25 percent, but some legislators are pushing for a total ban.

With about half the population unable to read or write, television is a major force in India. More than 27 million urban households have sets, and 21 percent of them have cable links. In addition, government community sets in the villages ensure that about 90 percent of the people are covered. No wonder advertisers are now flocking to the small screen. Having also boarded the bandwagon with software companies to supply Doordarshan, In-

dia's newspaper tycoons are anxious to fend off outsiders.

The core controversy goes back to 1955 when Prime Minister Jawaharlal Nehru himself vetoed a New York Times proposal for an Indian edition. That 42-year-old ban was dredged up in 1991 when London's Financial Times signed a memorandum of understanding with the Calcutta-based Business Standard, and the fortnightly India Today wanted to print Time magazine.

Mr. Singh felt that a liberal democracy like India, with a vigorous tradition of literary and intellectual pursuits, a free press and fluency in English, should be the region's communications hub. But Mr. Rao the politician was not prepared to take on Indian media magnates who feared that professionally managed competitors would run them out of business. At the very least, they stood to lose a large slice of the burgeoning advertising cake.

Of course, there was never a whisper of commercial interests in their campaign. The argument was conducted in a lofty tone. The foreign media represented hostile Western interests. They would sabotage political stability. Worse, they would corrupt the new generation of Indians.

The misleading nationalist argument is being trotted out again as the defenders of Indian values grid for another battle against the supposed forces of evil and inquiry. Demanding an even more sweeping ban, an influential arm of the Hindu nationalist Bharatiya Janata Party accuses multinational corporations of seducing Indian youth with such high wages that they turn their backs on worthy professions like the military, medicine and engineering.

Public opinion is divided. A recent survey in New Delhi, Bombay, Calcutta and Bangalore showed that while 77 percent of Indians oppose a ban, 61 percent favor regulation. Overseas channels harm Indian culture, said 58 percent, while 39 percent said they do not. Unlike other countries, that

rally to the call of Asian values, India thrashed out the modern/Western debate in the 19th century to produce a harmonious cultural synthesis known as the Bengal Renaissance. But this was an elite phenomenon. The same interaction at the popular level can indeed produce the infelicitous hybrid of which Mr. Gadgil and others complain. It should be a matter of serious concern that this seems likely to happen anyway, not only because of the all-pervasive Western entertainment industry, but because Indian films and music videos are no better.

But no one is too bothered about unhealthy social trends. The real battle is not over culture but for control of a powerful medium that spells money and influence.

The writer, formerly editor of *The Statesman (India)*, is now an editorial consultant with *The Straits Times (Singapore)*. He contributed this comment to the *International Herald Tribune*.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1897: Spanish Hopes

MADRID — General Woodford, the United States Minister to Spain, has received the reply of the Spanish Government to the Note which he presented to the Duke of Tetuan on September 23 on the Cuban question. The Spanish Minister of State expresses regret that the Cuban insurrection should receive support from frequent American filibustering expeditions, believing that otherwise the rebellion would perhaps not exist. The Spanish Government hoped, however, that by the granting of autonomy and want of American support, the insurrection will very shortly be brought to an end.

### 1922: Italian Cabinet

ROME — The Cabinet fell at nine o'clock to-night [Oct. 26], after a meeting urgently called by Signor Facta, the Premier, on

receiving an ultimatum from the Fascists, threatening the mobilization of all the Fascist squadrons in Italy unless their demands for immediate participation in the Government were complied with. A new Cabinet, with Signor Giolitti as Premier, is in process of formation.

### 1947: Gaullist Success

PARIS — General Charles de Gaulle's Rally of the French People is expected to hold its own in the second round of municipal elections today [Oct. 26]. The second poll is required for towns where absolute majorities are necessary under voting regulations. General de Gaulle's probable continued success was indicated yesterday by the fact that there was still no sign of any union between Socialists and Communists, whose political co-operation until recently has been based on their common espousal of Marxism.



LANGUAGE

Derailed on the Slippery Fast Track

By William Safire

WASHINGTON — To be revealed before your very eyes this morning is the anatomy of a language column. You will discover its impetus, its motive, its little research tricks, its blinding flashes of lexicographic insight and the way the writer, straining to show how language illuminates The Meaning of Life, settles for the meaning of a word.

1) *Glimpse onto a vogue word just as it passes its peak.*  
"White House Finds 'Fast Track' Too Slippery" is the Washington Post headline over a story by Peter Baker. His lead: "Attention White House speechwriters: The term fast track is no longer in vogue. 'NARTA' expansion is hanned. As President Clinton opens his drive for free-trade legislation, the phrase of choice is 'Renewal of Traditional Trading Authority.'"

Just as many of you were getting your engines steamed up to take the fast track, your track gets renamed. Why? "Fast-track legislation" made its burst for fame in the mid-'70s, as Congress gave the president a right that stretched to 20 years to negotiate trade treaties with other nations without having to face amendments back home; as a result, subsequent treaties like NAFTA would be ratified or turned down, all-or-onthing.

Now that presidential authority to zip a treaty through has expired, a Republican Congress is not so eager to hand that power back to Democrat Clinton. That's the reason White House wordmasters are derailling the use of fast track (too hasty-sounding) and NAFTA expansion (too Beltway-bloviated) in favor of the solid, stodgy, nothing-new-here "Renewal of Traditional Trading Authority," as if George Washington had been born with the old fast track in his crib. Part of this first step in building a

language column is to find somebody taking a potshot at the evasive device. No expensive database search necessary; here comes another former White House denizen, Pat Buchanan, syndicated in The Washington Times, writing: "Bill Clinton is putting a new label on the political rat poison he wants Republicans to swallow."

That gives us topicality and turmoil. Now to 2) *Involve the reader.* Here is a postcard from a slum dweller in Grosse Pointe, Michigan, with an incomprehensible scrawl for a name, asking: "What's with fast track? Whatever happened to 'Life in the fast lane'?"

Now our linguistic train begins to leave the station, and we 3) *Follow the usage trail.*  
The fast lane comes from auto racing. The trusty Oxford English Dictionary has a 1966 citation from Thomas Henry Wisdom's "High Performance Driving": "One is frustrated on a motorway by the driver ahead in the fast lane (if only he understood it is the overtaking lane)."

How did the term get popularized in its metaphorically broadened form? A 1972 novel by Douglas Rutherford was titled "Clear the Fast Lane," but that was still about auto racing. Then, in 1976, a rock group named The Eagles put out an album "Hotel California," that included the single "Life in the Fast Lane," by Joe Walsh, Don Henley, and Glenn Frey.  
"They knew all the right people/ They took all the right pills/ They threw outrageous parties/ They paid heavenly bills/ There were lines on the mirror, lines on her face/ She pretended not to

notice she was caught up in the race... The chorus: "Life in the fast lane! Surely make you lose your mind..."

Since that song, the fast lane has had overtones of the drug culture and impending disaster, a speeded-up, sinister, modern version of Shakespeare's "primrose path of dalliance."

At this point, the language columnist thinks he has come to the fundement of it all, fulfilling his obligation to 4) *Satisfy the slaving etymological urge in roots-deprived readers.* We have seen the OED make clear that the derivatio is from highway driving. In Britain, the fast lane is the overtaking lane; in the United States, it is usually officially called the "passing lane." And as fast lane was being adopted, it spawned, or influenced, fast track.

Not so fast. The phrase fast track has a long history in horse racing, to mean "dry, conducive to speed." On the other hand, if it has been raining, the wet track is described as "slow," and the tour race about trying you to put your money on a "mudder," a horse that digs slogging. Count on some reader to find a metaphorical extension of fast track in a Jane Austen or Henry James novel.

Nor is that the only untapped root. Soon the vast legion of railroad huffs will check in with yards of lore about fast railroad tracks, where expresses roar past with whistles in the night. And so the column falls together, requiring the writer only to 5) *Leave with a snapper, or sometimes a peroration.* When next you hear of Congress disputing the president's bid for fast-track authority, think of the well-rented business executives and political lions on the rise, following the racing drivers careering around the speedways, following the jockeys booting their mounts home on a sunny day, following John Luther (Casey) Jones, the hero engineer, slamming on the brakes and giving up his life to save his passengers from death on the fast track.

New York Times Service

Not to mention, satisfying the slaving etymological urge in roots-deprived readers.

BOOKS

SHTETL: The Life and Death of a Small Town and the World of Polish Jews

By Eva Hoffman, 269 pages, \$25. Houghton Mifflin.

Reviewed by Richard Bernstein

IT is the "life" in her subtitle as much as the "death" that interests Eva Hoffman in "Shtetl," her history of Poles and Jews in Poland as seen through the history of a small town near the border with the former Soviet Union.

Hoffman, an American writer who was born in Poland, wants, as she puts it, "not only to remember but to remember strenuously." In so doing, she aims to rescue the complicated relations between Poles and Jews from the aggrieved clichés that tend to dominate contemporary images.

Especially since the Holocaust, Jews have, Hoffman says, seen Poland as "the very heart of darkness, the central symbol of the inferno." But this way of looking at things is simply not true, she argues, presenting her book as a kind of inverse of what may be the most heatedly debated book of the past couple of years, Daniel Goldhagen's

"Hitler's Willing Executioners." Goldhagen's thesis is that the Holocaust was the logical result of German culture itself, which took Jew hating as a central principle.

Hoffman's main point is, by contrast, to demonstrate the falseness of a related notion: "That ordinary Poles were naturally inclined, by virtue of their congenial anti-Semitism, to participate in the genocide, and that Poles even today must be viewed with extreme suspicion or condemned as guilty for the fate of the Jews in their country."

To accomplish her purpose, Hoffman, a former editor at The New York Times Book Review, visited Bransk, a town in eastern Poland that was the subject of a documentary film, also called "Shtetl," produced and directed by Marian Marzyński.

Hoffman spoke to people in Bransk. She read Yitzhak's book, a Jewish Book of Memory, written two years after World War II. She spent time with Zbigniew Romanik, a young resident of the town who took it on himself to research its Jewish history. He and some other young men, none of them Jews, even created a memorial Jewish cemetery made out of gravestones that they un-

earthed and restored. Hoffman, who is Jewish, also interviewed the few Jews who survived in a town that once had about 4,000 of them, more than half the total population. And she examined scattered documents that complete a history of Jewish life in Bransk that goes back to the 15th century.

Hoffman's project is certainly worthy, and the book she has produced amply proves her point, that the history of the Poles and the Jews is morally complicated.

But the solidity of the argument does not rescue "Shtetl" (the word means small town in Yiddish) from dryness and abstraction. It is not an easy task to put flesh and blood into the history of a small, obscure place that produced no famous people or notable local chroniclers, and Hoffman, while dutifully recording what information she obtained, does not manage to surmount the limitations she faced. One feels at the end that Hoffman's historical lesson has been achieved, but for the feel of the shtetl — a sense of its richness and poverty, its eccentric threadbare piety, its truculence and struggle — Hoffman does not add a great deal to our knowledge.

New York Times Service

BRIDGE

By Alan Truscott

THE two United States squads, both loaded with former world titleholders, surged to the top in the Bermuda Bowl at the world team championships in Hammamet, Tunisia, on Oct. 22. With half the qualifying play completed, they seem sure to reach the playoffs, which begin Sunday.

The busiest person at these championships may be Santanu Ghose of India. He and his partner, Jaggy Shivdasani, are the anchors for the Indian team, playing nearly every deal, and he is writing a daily column for The Telegraph in Calcutta.

On the diagrammed deal, in the fourth round against Po-

land, he had an agonizing decision to make as West.

This is a hard hand to bid. Looking at all the cards, one would choose to play three no-trump. The Polish North-South players overbid as shown to a dreadful contract of six spades. East doubled to ask his partner for an unusual lead, which gave Ghose plenty to think about. And think he did, knowing the result of the match might well hinge on his decision.

A lighter double suggests the lead of dummy's first suit, and it was possible, barely, that East was void in hearts. It was clear that East did not want a club lead, the unbid suit, but he might well want a diamond. The Vngraph audience suffered with Ghose, who finally led a heart. Disaster.

South won with the heart queen, throwing a diamond, and drew trumps. He crossed to the club king, threw two more diamonds on the top hearts, and ruffed a heart. He then took a club finesse, and scored his last club at the finish. Thanks to the miraculous lie of the cards, he had made an overtrick for a score of 1860.

This was a rare hand, for it made 9 tricks or 13 tricks depending on the lead. In the replay, the Indian North-South partnership reached four spades, very reasonably. But the Polish defender hit on a diamond lead, and the result was down one. The fourth round of diamonds promoted a trump trick for the defense. Poland gained 18 imps but would have lost 12 if Ghose

had guessed to lead diamond. That would have made the match a virtual tie, but as it was the Poles prevailed 22-8.

NORTH (D)			
♦ A K Q 10 2	♥ 10 5 3	♠ A K J	
♣ 10 4 3	♦ 10 5 3	♥ J 9 8	
♥ J 8 7 6 3	♠ A K Q 2	♣ 10 4 3	
♣ 10 4 3	♥ J 9 8	♦ 10 5 3	
♥ J 8 7 6 3	♠ A K Q 2	♣ 10 4 3	
♣ 10 4 3	♥ J 9 8	♦ 10 5 3	
♥ J 8 7 6 3	♠ A K Q 2	♣ 10 4 3	

SOUTH			
♦ A K Q 8 7 5	♥ J 7 6	♠ A K Q 8 7 5	
♣ 10 4 3	♦ 10 5 3	♥ J 9 8	
♠ A K J	♣ 10 4 3	♦ 10 5 3	
♥ J 8 7 6 3	♠ A K Q 2	♣ 10 4 3	
♣ 10 4 3	♥ J 9 8	♦ 10 5 3	
♥ J 8 7 6 3	♠ A K Q 2	♣ 10 4 3	
♣ 10 4 3	♥ J 9 8	♦ 10 5 3	

North and South were vulnerable.			
North	East	South	West
10	Pass	2	Pass
3	Pass	4	Pass
4	Pass	5	Pass
5	Pass	6	Pass
6	Pass	7	Pass
7	Pass	8	Pass
8	Pass	9	Pass
9	Pass	10	Pass
10	Pass	11	Pass
11	Pass	12	Pass
12	Pass	13	Pass
13	Pass	14	Pass
14	Pass	15	Pass
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90	Pass	91	Pass
91	Pass	92	Pass
92	Pass	93	Pass
93	Pass	94	Pass
94	Pass	95	Pass
95	Pass	96	Pass
96	Pass	97	Pass
97	Pass	98	Pass
98	Pass	99	Pass
99	Pass	100	Pass

CROSSWORD

- ACROSS
- 1 "Gee whittaker"
  - 2 Like a good lounge chair
  - 3 Go steady with
  - 4 Follow, as orders
  - 5 "... like a big pizza pie, that's (old song lyrics)"
  - 6 Russian river or mountain
  - 7 "St. Elmo's Fire" actor Rob
  - 8 Sinks one's teeth into
  - 9 Is sick
  - 10 60's sitcom/ 90's movie
  - 11 Credit card color
  - 12 Clarinet cousin
  - 13 Sifted
  - 14 Laughing
  - 15 Where to get a
  - 16 Exclude
  - 17 Butterfly's cousin
  - 18 Liberate
  - 19 Flunk
  - 20 One of the African Brothers
  - 21 Operatic solo
  - 22 Baby powder ingredient
  - 23 Otherwise
  - 24 Garment's end
  - 25 Bonus

- DOWN
- 1 "Down the (river)" (drinker's toast)
  - 2 Sound before "Gunsundell"
  - 3 Bloodhound's trait
  - 4 English author Charles
  - 5 1983 Michael Keaton comedy
  - 6 Ford flop
  - 7 Flaming
  - 8 Pass-the-baton race
  - 9 Product sample's invitation
  - 10 Little bit
  - 11 CPR practitioner
  - 12 Call, to a cowboy
  - 13 Flying toys
  - 14 Acts as king
  - 15 Born as
  - 16 Don appliance
  - 17 New Orleans cooking style
  - 18 Any Buffalo Bills Super Bowl result
  - 19 Grand, as an adventure
  - 20 Car
  - 21 Hammer or sickle, e.g.
  - 22 "Toc-toc-toc"
  - 23 Grand Ole
  - 24 Workbench clamp
  - 25 At any time
  - 26 Start over

Solution to Puzzle of Oct. 24

SHAPER HORRID PARLOUS BARBERS OVEREAT BARBERS TANTARA ARLOM SNOOZER GINGERS ASLANT MASTER REIGNED NEES ADDING COEDITY CELESTA LOWEAN APOCKEY ARGENTY DENTINE IMAGINE ADIANT MATIBSE ADIANT YETIENS

INTERNATIONAL

Terrorists Thriving on Congo Border Region of Uganda in Turmoil After Murderous Attacks

By James C. McKinley Jr.  
New York Times Service

KASESE, Uganda — It was midnight. She was in bed when she heard the angry voices outside the one-room apartment she and her husband lived in on the outskirts of this defunct mining town near the border with Congo. Then machine-gun fire hammered, and there were screams.

Theresa Kabahuma buried into her dress while her husband scrambled to his feet. A ragged man with an automatic rifle kicked down their wooden door.

She pleaded for her life and for the life of the baby she was carrying in her belly. She said she knew nothing about politics, cared nothing for the government of President Yoweri Museveni.

"He said, 'We have come to take nothing but your lives,'" recalled Mrs. Kabahuma, 21, as she lay in a hospital bed recently, recovering from wounds.

The attacker apparently did not try to kill her, but shot her in both legs — first the right, then the left — spraying short bursts of bullets. As she was losing consciousness, the gunman turned his weapon and blew a hole in her husband's head.

Her husband was one of 13 people who died that night, when a small band of self-styled rebels who call themselves the Allied Democratic Forces crept down from the Rwenzori Mountains to terrorize this town.

The massacre, on Sept. 23, was part of a terrorist campaign that has taken at least 150 civilian lives since June, military leaders said, in western Uganda near the border with Congo, the former Zaire.

In the most recent incident, on Oct. 19, rebels herded about 30 villagers out of a remote mountain community into a field, separated 14 men from the rest and shot the men dead, Agence France-Presse reported. Two weeks earlier, rebels northwest of Kasese killed 18 people, authorities said.

The rebel attacks have scared nearly 80,000 people off their farms and into shelters in trading centers, severely damaging the agricultural economy here, United Nations officials said.

The violence underscores the persistence of armed rebellions in the region and the use of border areas like the Rwenzori as rear bases.

When Uganda and Rwanda helped a predominantly Tutsi rebel army under Laurent Kabila last year in his move to take over Zaire, their primary aim was to stop rebel groups like this one from using staging areas in that country, which he has renamed Congo.

But so far Mr. Kabila has been unable to gain military control in the mountains and rain forests in the eastern part of his country. Not only have the rebels of the Allied Democratic Forces managed to continue terrorist attacks in Uganda from the safety of the bordering mountains, but Rwandan Hutu guerrilla groups have stepped up their brutal onslaughts in western Rwanda as well, retreating among the volcanoes straddling their border.

One problem is that Mr. Kabila's army is stretched thin, diplomats and military officials say. His soldiers in eastern Congo are battling uprisings there among several ethnic groups, all of which resent the political ascendancy of Congolese Tutsi resulting from Mr. Kabila's victory.

These rebel ethnic groups sometimes join forces with what is left of Hutu guerrilla bands from Rwanda and Burundi, many of which are still hiding in Congo, as well as with various other armed groups, like the Ugandan rebels operating here.

The Hutu guerrillas fled Rwanda fearing retribution after their tribal kinsmen slaughtered hundreds of thousands of Tutsi, and they are fighting to end what they see as a Tutsi oligarchy. But the Ugandan rebels appear to have little in the way of a coherent ideology.

Some of the propaganda found in their camps suggests that they want to establish an Islamic state in Uganda. Other leaflets left near their victims suggest that they believe Mr. Museveni, a former rebel leader who took power in 1986, is a Rwandan native who has "confiscated our motherland."

Ugandan military officials say there is no doubt that the rebels include scores of Islamic fundamentalists from Uganda, who have been supplied with military hardware by the Islamic government in Sudan.

But these Muslim fighters have joined forces with the remnants of an older guerrilla band based in the mountains. That group, called the National Army for the Liberation of Uganda, was

originally Christian and supported Milton Obote, the dictator who lost power in the 1980s during Uganda's civil war.

When the Zairian rebellion erupted a year ago, Mr. Kabila's advance threatened the Ugandan rebel headquarters at the town of Beni, inside Zaire. To escape Mr. Kabila's forces, the Ugandan rebels invaded the area near Kasese last November, briefly capturing two border towns.

Ugandan troops drove the rebels back over the border after heavy fighting. For several months, the group appeared to have been routed.

But on June 16 it resurfaced high in the mountains on the Ugandan side, taking the town of Bundibugyo with a force of about 600 men and holding it for three days before being forced to retreat.

Since then, the group has sown terror throughout the mountains and foothills,

attacking civilians on their farms and leaving beheaded bodies behind. There have also been numerous reports of abductions and rapes by members of the group, Ugandan officials said.

The attackers often leave evidence stuffed in the pockets of the dead: propaganda identifying the killings as the work of the Allied Democratic Forces.

"The ADF came to stay," reads one bloodstained letter that Ugandan soldiers found on a corpse. "There is no way you can survive us. However, it's never too late to pray."

The purpose of the violence escapes most people living in Kasese and nearby towns. Efforts to contact the rebels have been unsuccessful.

"It's terrorism," said Yvorokamu Kamacerere, the regional district commissioner. "They think they are fighting a guerrilla war, but it's really terrorism. The idea is to terrorize the population."

Art Writer Thinks Famous Van Gogh Is \$40 Million Fake

Compiled by Our Staff From Dispatches

LONDON — A Van Gogh "Sunflowers" bought in 1987 by a Japanese insurance company for a record sum is probably a fake, a British press report said Sunday.

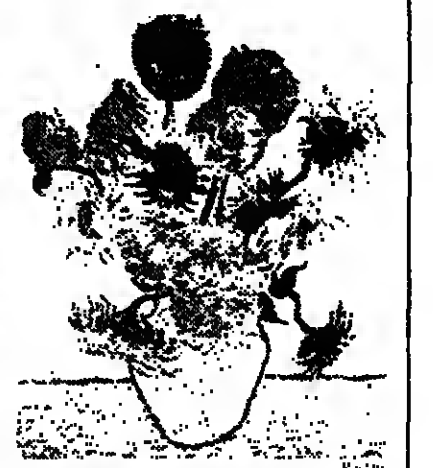
The unsigned work is "almost certainly" the work of Claude-Emile Schuffenecker, a Parisian admirer of Vincent Van Gogh who made several copies of the master's works in the early 1900s, according to an article in The Sunday Times by the art writer Geraldine Norman.

When the canvas was sold in 1987 by Christie's auction house for £24.75 million (\$40.44 million) to the Tokyo-based Yasuda Fire & Marine Insurance Co., it became the world's most expensive painting. It had been owned by the Chester Beatty family.

It is the only one of three paintings of 14 sunflowers in a vase not bearing Van Gogh's signature.

The first was painted in August 1888, and five months later Van Gogh made a copy for his friend Paul Gauguin. In a letter to his brother Theo, Van Gogh wrote that the two canvases were "absolutely equivalent and similar."

There is no mention of a third painting in any of the artist's extensive correspondence and other



This \$40 million still life of sunflowers may not be by Van Gogh.

documents.

"Schuffenecker is our prime suspect" because he was responsible for restoring one of the sunflower canvases for an exhibition in Paris in 1901, Mrs. Norman wrote.

Schuffenecker "had the classic psychological profile of a faker: an artist so resentful of his own lack of recognition that he made fakes to prove that connoisseurs cannot tell the difference," she wrote.

Other works attributed to Van Gogh may also be fakes, including some held by the Musee d'Orsay in Paris, the article said.

The Art Newspaper reported in July that the picture, as well as 100 other paintings and drawings by Van Gogh, might be fakes. (AFP, AP)

Angola to Withdraw Forces From the Republic of Congo

Compiled by Our Staff From Dispatches

LUANDA, Angola — The government agreed Sunday to withdraw its troops from the Republic of Congo, where it helped Denis Sassou-Nguesso return to power this month, the U.S. envoy to the United Nations, Bill Richardson, said.

Mr. Richardson, here on the second leg of a six-nation African tour, also announced that a regional summit meeting would be held in Luanda on Monday to

discuss the situation in the Republic of Congo after the four-month civil war there. Angolan troops helped General Sassou-Nguesso's militiamen capture the airport in Congo's capital, Brazzaville, on Oct. 14 during an offensive against the last positions held by supporters of former President Pascal Lissouba.

The following day, the Angolan forces helped General Sassou-Nguesso take the oil-producing city of Pointe-Noire in the southwest.

Mr. Richardson said Monday's meeting would be attended by General Sassou-Nguesso, President Omar Bongo of Gabon, President Laurent Kabila of the Democratic Republic of the Congo and President Eduardo dos Santos of Angola.

Meanwhile, residents streamed back to Brazzaville on Sunday, a day after the inauguration of General Sassou-Nguesso as president.

Hundreds crossed the Congo River by dugout canoe from Kinshasa, capital of the Democratic Republic of the Congo, where they had taken refuge during more than four months of fighting that killed thousands of people



## INTERNATIONAL

# Turmoil in Asia Could Spoil the Appetite of Investors for Risk

By Carl Gewirtz  
International Herald Tribune

PARIS — Curdled by the financial turmoil in Asia, the global taste for risk has soured — exposing world financial markets to a sick performance at least until the end of the year.

After Dec. 31, experts say, with a new 12-month horizon to manage exposures, institutional investors, who are now cutting losses or cashing in profits before they evaporate, will again become more venturesome.

But the dangerous period between now and then is not a function of what occurs in Asia. Specialists say that the reverberating upsets in Asia, and the inevitable slowdown in regional growth resulting from high and, in some places, rising interest rates, are not powerful enough to derail the world economy.

Rather, it is the lost appetite for risk that could become destabilizing. The nightmare scenario is a meltdown in global stock prices that so damages consumer confidence that slumping demand triggers a worldwide economic slowdown.

The potential for trouble is great. In part that is because U.S. stock prices — the bellwether for world markets — have risen to levels that many analysts consider unsustainably high, and in part it's

because "there is a sense that we are near a turning point — one of those rare cyclical events, which in this case would be an end to the extraordinary period of growth without inflation," said Charles Wyplosz, a monetary specialist at the Graduate Institute of International Studies in Geneva.

"Everyone is bewildered by the absence of inflation in the United States," he said. "No one really understands why, and no one really believes in it. And in Europe, no one believes a pick-up in growth without inflation is possible." The result, he said, is "a recognition that interest rates are not going lower from here but higher," bringing to an end the bull markets that have sent stock prices to record highs this year in North America and Europe.

Although fast growth should be good for business, Mr. Wyplosz said, "the focus now is on how rising interest rates will crimp spending and investment."

Sharing the concern about the potential for a global plunge in stock prices, John Llewellyn at Lehman Brothers makes the more upbeat observation that "neither the 33 percent fall in the Standard & Poor's index in 1987 nor the 8 percent and 10 percent falls in 1994 and 1997, respectively, caused U.S. growth to falter." The S&P index ended the week at 941.64, down 1.9 percent from its early August high.

Moreover, because the key determinant of U.S. growth now is domestic monetary policy, Mr. Llewellyn said, "the Fed can certainly be relied upon to be alert to any possible excessive weakening of the U.S. economy — which is scarcely its problem at the moment."

The markets will also be calmed by the mechanics of the flight away from risk to greater safety — a rush to buy triple-A-rated government securities, notably U.S. and German bonds. The weight of this demand last week drove market interest rates down by just over one-eighth of a percentage point in both markets. Declining interest rates should help stabilize stock prices.

Still, share prices in New York — widely viewed as overvalued — continued to fall, pulling down some major European exchanges that initially rallied after Friday's partial recovery in Hong Kong. Along with equities, the instruments most exposed by the flight to quality include all types of risky assets — particularly bonds from low-rated issuers. Prices on such paper are falling, increasing the yield and, in effect, raising risk premiums.

J.P. Morgan's index of emerging-market bonds suffered its biggest one-day fall of the year Thursday after the 10 percent plunge in Hong Kong stocks. Russia, which last week sold \$400 million of 10-

year bonds, was obliged to price the paper at a spread of 334 basis points over comparably dated U.S. government paper. Before the upset, the Russian paper outstanding had been trading at a spread of 290 basis points.

In the secondary market, spreads on even top-quality paper widened by around five basis points amid the scramble to move into U.S. and German government issues.

At first glance, the dollar should be the big winner. The U.S. government bond market is the largest and most liquid in the world and the traditional first resort in troubled times. The U.S. currency, however, faces some burdens of its own.

On Tuesday, the government reports the employment cost index for the third quarter — a measure so essential to assessing the inflationary impact of falling U.S. unemployment that the Federal Reserve Board chairman, Alan Greenspan, reportedly has asked to reschedule his appearance before the Joint Economic Committee of Congress to Wednesday, the day after the data's release.

Were the data to signal a worrisome rise in labor costs, the dollar could run into trouble, as it is a foregone conclusion that the Fed will not raise interest rates at its Nov. 12 policy meeting so long as financial markets remain so jittery.

## BRIEFLY

## Russian Has Talks In Syria and Israel

DAMASCUS — Foreign Minister Yevgeni Primakov of Russia said Sunday that he hoped to narrow differences between Syria and Israel over the peace process.

Mr. Primakov, speaking to reporters before leaving Damascus for Jerusalem, said, "The purpose of my visit is to bring closer together the viewpoints of the two parties."

But he said he would "not reveal the contents of my discussions with Syrian President Hafez Assad," which lasted almost three hours.

A senior member of the Russian delegation said Mr. Primakov was bringing "new Syrian ideas" to Israel on how to resume the talks, which have run aground over Israel's refusal to withdraw from the Golan Heights, occupied in 1967. (AFP)

## Mubarak Launches Irrigation Project

RASEL-ISH, Egypt — President Hosni Mubarak inaugurated a huge irrigation project Sunday designed to bring Nile water to 400,000 acres of desert land.

On Sunday, water began flowing into four tunnels under the Suez Canal, opening the second phase of a project that will channel water from the Nile through the Suez Canal and into the Sinai Peninsula. The entire canal is 262 kilometers (162 miles) long.

Mr. Mubarak ruled out the possibility of supplying Israel with water after it reaches Sinai.

"This is an Egyptian project, and we will give no water to anyone," he told reporters at Ras el-Ish, 27 kilometers south of the Mediterranean city of Port Said. (AP)

## Abstentions High In Colombian Vote

BOGOTA — Colombian voters stayed home in droves Sunday as leftist rebels enforced a boycott amid rightist retaliation, making the vote possibly the most ignored in the nation's history.

Defense Minister Gilberto Echeverri acknowledged "isolated incidents" Sunday. An electrical tower at the western port of Buenaventura was bombed, four electoral officials were kidnapped in the east, a civilian helicopter ferrying electoral officials was shot at and four soldiers were wounded in a clash with leftist rebels. (AFP)

## For the Record

Cuba will hold legislative elections in January, less than two weeks before the arrival of Pope John Paul II, Cuban officials said. (AP)

## UN Leader's Grand Plans For Reform Hit Obstacles

By Barbara Crossette  
New York Times Service

UNITED NATIONS, New York — Secretary-General Kofi Annan's plans to make major changes in the way the United Nations works have run into serious trouble in General Assembly committees, where they are being buried in a blizzard of questions and objections.

From the creation of the post of a deputy secretary-general to the streamlining of top-level management to a budget based on departmental results, the measures — totaling more than 70 large and small ones — are being dissected by national delegations.

The fate of Mr. Annan's plans, which critics in Congress have dismissed as not bold enough, will reflect on the secretary-general's reputation as an insider who knows how to get things done. A failure or long delay in making sig-

nificant changes would also further damage the chances of getting the United States to pay overdue bills.

"If the present trend continues, it will have a measurable, adverse effect in Washington," said John Bolton, a former assistant secretary of state for international organization affairs and now senior vice president of the American Enterprise Institute, a research group in Washington. "People will say the place is just not susceptible to change."

Mr. Annan took office on Jan. 1 with the backing of the Clinton administration, which presented him to Congress as a reformer who would be more effective than his predecessor, Boutros Boutros Ghali, whose bid for a second term was vetoed by Washington.

UN as well as American and European diplomats were reasonably confident in July, when the heart of Mr. Annan's reform package was presented, that the popular secretary-general would not face serious hurdles in the General Assembly, whose approval is needed for some — though not all — of the proposals.

But what is happening now in the General Assembly shows the near-impossibility of quick action from the 185-member body, where every proposal is scrutinized for any number of reasons by one or more national delegations or groups of countries.

"The process of review is taking longer than expected," Fred Eckhard, Mr. Annan's spokesman, said at a briefing last week. "But we are still hoping that we will have a package soon."

Some diplomats have begun to criticize Mr. Annan for spending a number of weeks this year, including much of the summer, away from New York, where he could have lobbied national delegations. Officials say that this is exactly what Mr. Annan does on his trips to foreign capitals.

Mr. Bolton, often a critic of the United Nations, thinks that the problem began earlier. "There was a missed opportunity at the outset of the secretary-general's term when he failed to propose more dramatic changes," Mr. Bolton said.

Mr. Annan's hope of naming a deputy secretary-general by the end of the year was dealt another setback recently when the leading candidate, Sadako Ogata of Japan, the UN high commissioner for refugees, withdrew her name. Mr. Annan has made it known that he would like to choose a woman for the job. Officials say there are no other leading candidates.

Some members of the Security Council have expressed concern that a deputy secretary-general would have too much power, considering that she would not be chosen by the Security Council or the General Assembly and would therefore be beyond their control.

Among developing nations, a large majority opposes the creation of the position.

Ahmad Kamal, Pakistan's representative at the United Nations and one of the most active participants in reform discussions, said in an interview that there were "wide divergences" among countries on the dozens of measures they are considering.



BEKAA PROTEST — Shiite Muslims shouting at a protest Sunday called by the former Hezbollah leader Sheikh Sobhi Tufaili in Baalbeck, Lebanon. He urged continuation of a "hunger revolt" he began there July 4. A Lebanese soldier was wounded by the protesters.

## TRADE: China's Demands for Jobs and Technology Trouble the Clinton Administration

Continued from Page 1

institutes for Chinese automotive engineers and to buy most of the parts for its Chinese venture locally after five years.

Such deals trouble many U.S. analysts and policymakers, who fear that American companies are being coerced — in a process contrary to free-market principles — into sacrificing good U.S. jobs, or helping to establish formidable Chinese competitors, or putting their technology at risk of being stolen.

Consider an account by Clyde Prestowitz, president of the Economic Strategy Institute in Washington, of a discussion he witnessed a few months ago among top executives at a company he would identify only as one of the 50 largest U.S. manufacturers, a company that was planning to build a major facility in China instead of in the United States.

Production would not be cheaper overall in China, the executives concluded; in fact, it would be more expensive. The quality would not be better; it would be worse. The products would not be sold to Chinese buyers; they would be exported.

"So the obvious question was, 'Why put it in China?'" Mr. Prestowitz recalled. "And the answer was, 'Well, because we've got big plans for China, and the Chinese want this kind of investment, and they're pressuring us.'"

Such pressures might be expected to ease as China grows more prosperous and is integrated into the global economy. But so far, they are still intensifying, according to business representatives who negotiate with Beijing.

The Chinese authorities "have taken a markedly harder line than in previous years" in insisting on state-of-the-art technology from foreign companies, according to an article published this year in the China Business Review by two Beijing-based lawyers, Douglas Markel and Randy Peerenboom.

Beijing's "increasing inflexibility" stems from the fact that China has been showered with billions of dollars in foreign investment over the past few years and overruns with multinational corporations "eager to enter its market, they wrote."

Yet to hear many U.S. executives tell it, China's demands for technology are simply a part of doing business in a

country that is determined to develop as rapidly as possible — and the risks of complying are well worth taking.

George Fisher, chairman of Eastman Kodak, sounds almost giddy as he runs through some simple arithmetic about how the Chinese market could enrich his company. If China's 1.2 billion people bought as much film per household as their shutterbug cousins in Taiwan, for example, "use of film in the world would rise 50 percent," he said.

Thus, on top of the three facilities Kodak has built in China, the company soon will build major film-manufacturing capacity there, because "it's expected of us," Mr. Fisher said. If some of Kodak's technology ends up falling into the hands of competitors or potential competitors as a result, so be it, he said — adding that, these days, technology quickly becomes outdated anyway.

"You've got to go for it," he said. "You've got to assume you'll lose some technology. But my assumption is, the technology goes, and meanwhile, you've got to keep running."

But others — including people who generally favor the free movement of goods across borders and oceans — con-

tend that economic globalization is not supposed to work this way.

America's overall economic interests can and do benefit when U.S. multinationals do business abroad on their own initiative, many economists say, because companies almost invariably keep their highest-skilled jobs at home.

Moreover, the closer that multinationals get to their overseas customers, the better they usually become at generating exports from their U.S. operations.

The gains are far less clear when a government such as China's demands investments and technology transfers as a condition of doing business within its borders.

"It troubles me a lot," said a senior official in Mr. Clinton's administration, speaking on condition of anonymity. "It's one thing if I'm, say, Boeing, and I decide to manufacture in a foreign country on a consensual basis for purely commercial reasons."

"But when it's a matter of government policy, where the government of the country involved is saying that to sell here you have to locate here and give us technology — then I'm concerned. It's blackmail."

## ITALY: Despite Economic Squeeze, Nation Rallies Behind 'Magic' of Joining the Euro

Continued from Page 1

So far, Italy's drive to qualify for the euro has meant a steady drop in full-time jobs to 1,600 at the factory, compared with a high of more than 4,000 in the 1970s, and an increasing reliance on seasonal workers. But the cutbacks also have meant survival in an increasingly ruthless marketplace.

"Our factory is part of a multinational, so we know what it is like to be competitive at a European level," said Vincenzo Sgallio, 30, a union leader who was 18 when he started work at Perugina, following in his father's footsteps. "Nonetheless, we are frightened."

The uncertainties of life after the euro are very much on the minds of Perugina's workers. They want to be able to compete internationally, but, too, they fear losing their local niche.

They also fear further cuts in Italy's pension benefits, which remain the most generous in Europe, particularly the uniquely Italian plan that allows a worker to start collecting retirement benefits after 35 years of work, regardless of age.

"Pensions are the heart and soul of the workers," Mr. Sgallio said.

Despite these fears and uncertainties, most workers at the Perugina factory — like a majority of Italians — rallied to the side of the Prodi government even though it has pushed ahead with cuts to the country's ample social security system, regarded by the Italian left as its principal political achievement in the post-World War II period.

Mr. Prodi was forced to submit his resignation after a small party of former Communists, the Refounded Communist Party, which is outside the governing coalition but gives it crucial support in Parliament, balked at further pension and health care cuts in the 1998 budget. The party eventually backed off and agreed to help restore Mr. Prodi to office in return for a pledge to support separate legislation for a 35-hour-workweek by 2001.

Here in Umbria, at the heart of Italy's so-called red triangle, where voters have long favored leftist parties in local and national elections, the paradox of Italy's unwavering support for "joining Europe" is most apparent.

Workers at Perugina, for instance, were appalled at the prospect of losing Italy's first governing center-left coalition in five decades, and if defending that government meant defending its stringent budget policies, they were ready to do it.

"The workers understand that Europe is a necessity, one that is no longer even open to discussion," Mr. Sgallio said. "Without a united Europe, it would be difficult to maintain a competitive position against North America, Asia."

Many of Italy's political leaders, Mr. Prodi in particular, credit Europe with pulling Italy out of its political and economic slump after World War II and now with forcing it to put its fiscal house in order.

As a country of small- and medium-sized manufacturers that export 70 percent of their goods to neighboring European countries, it has strong economic reasons for not wanting to be left outside of monetary union.

And many Italians believe that dropping out of the race for the euro now, after all the sacrifices already made, would be devastating.

"We were the country in the worst

condition to fit within the Maastricht parameters," said Sergio Cofferati, leader of Italy's largest labor union.

"For that reason, having invested so much in this effort, having made the biggest sacrifices, we have the biggest reason to enter into monetary union."

The urgency to join the euro is particularly acute in northern Italy, where Umberto Bossi and his secessionist Northern League accuse Rome, and the Italian south, of damaging Italy's political reputation and dragging down the economy. If Italy were to be left out of the euro-zone in 1999, mainstream politicians agree that it would only give Mr. Bossi more support.

On the Italian left, where the cutbacks in social programs are felt the hardest, the notion of Europe has taken on another meaning, that of a bulwark against what it sees as the creeping rise of American-style capitalism.

"Europe developed as a kind of defense — an antithesis to the North American model," said Nerio Nesi, a top leader in the hard-line Refounded Communist Party, which is the only political movement that disagrees with the government's pro-euro policies.



Umberto Bossi on Sunday after his party conducted elections on setting up a separate state.

## ARGENTINA: Peronists on the Ropes

Continued from Page 1

Frepaso, a breakaway faction of Peronism that believed Mr. Menem was corrupting the party's original ideas.

But The Alliance also has the support of the Argentine middle class, proportionally the largest in Latin America, and traditionally the realm of the Radical Civic Union. The two Alliance parties have found common ground by attacking Mr. Menem's string of political scandals, his aggressive posture toward a free press and free speech in Argentina, and the perception that he has done little to clean up a corrupt judiciary, military and police force.

The Alliance, through its convincing arguments about government and judicial corruption, has robbed Peronism of bragging rights to a "New Argentina" — the dream of bringing the country into the First World — at a time when that goal is truly on the verge of happening, 50 years after Juan Peron promised it.

Shouldn't Argentina be in a love fest with Peronism after all Mr. Menem has accomplished? "It should be, but it isn't," Mr. Menem's foreign minister, Guido di Tella, said in an interview. "But we have been in power for eight years now. What is the shelf life of a European prime minister? Eight years? Maybe 10 years?"

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# Oil Starts Flowing Again From Caspian to West Azeris Open New Pipeline

**By David Hoffman**  
*Washington Post Service*

MOSCOW — With the flip of a large white valve handle, oil from one of the world's last great known reserves has begun flowing out of the Caspian Sea region and through Russia for export to the West, a trickle that eventually will become a torrent of crude.

Natik Aliyev, president of the State Oil Co. of Azerbaijan, pulled the handle at an Azeri village, Shirvanovka, on the border with Russia. He opened a pipeline stretching hundreds of miles northwest from Baku on the Caspian Sea to the Russian port of Novorossiysk on the Black Sea.

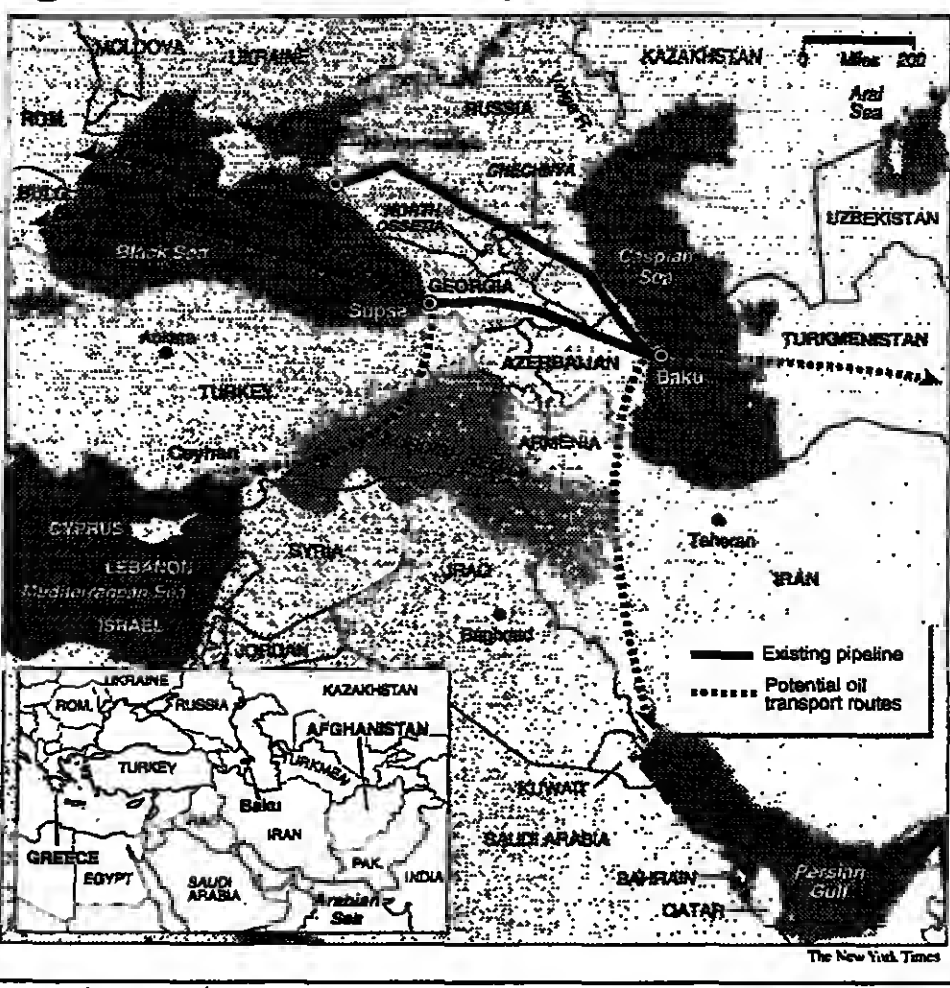
This early flow of oil — about 120,000 tons are expected through the pipeline by year's end — is just the beginning of what may eventually become several million barrels a day from the Caspian, rivaling the Middle East as a source of energy for the world. While energy companies and Caspian Sea countries have been working intensively for years to extract the oil, pipelines have been a bottleneck.

The route opened Saturday runs through war-devastated Chechnya, the breakaway Russian region. Only recently did Russia and Chechnya reach an agreement on repairs of the 150-kilometer (93-mile) segment through Chechnya that was wrecked during the war. The Azeri leg of the pipeline was refurbished nearly seven months ago.

At the ceremony, Mr. Aliyev said Azerbaijan, a former Soviet republic, was resuming export of its own oil to Western markets for the first time in 65 years. "In the most reliable and profitable way, by pipeline," Azeri oil once was exported through a line from Baku, the Azeri capital, to Batumi, a Georgian port on the Black Sea, but it was shut down in 1932.

The first 40,000 tons of Azeri export oil were bought by the Russian oil giant, Lukoil.

The quickened pace of Caspian oil development threatens to



# Seoul Seeking to Arrest The Steep Market Slide Kim Summons Advisers After Meltdown

*Compiled by Our Staff From Dispatches*

SEOUL — President Kim Young Sam has summoned his top economic advisers to a meeting Monday to devise ways to stabilize South Korea's shaky financial markets after the stock market hit a five-year low following last week's battering of the won and the stock market.

"The cabinet meeting Monday will be devoted to working out government measures against a financial crisis in our stock and currency markets," an official at the presidential palace told Yonhap news agency.

The meeting was called after the Stock Exchange of Korea's composite index fell 3.93 percent Saturday, to close at 548.47, a five-year low. The plunge followed a 5.5 percent dip on Friday.

The weakening of the South Korean currency added to the gloom. The won tumbled to an all-time low of 929.50 to the U.S. dollar on Friday, despite central bank intervention.

Both markets were affected by Standard & Poor's Corp.'s downgrading of South Korea's foreign debt, which the agency said was largely prompted by the "nationalization" of Kia Group, a technically-bankrupt automaker.

Kia's bailout by the government, though salutary in the short term, would have "unambiguously negative" long-term effects, Standard and Poor's said.

On Sunday, business circles were anxiously watching the continuing fight between the government and Kia's management — the main underlying factor dragging down the bourse — after Kia's management sued the government to court Saturday.

In addition, Kia workers took to the streets of Seoul over the weekend, call-

## CYBERSCAPE

# Can Tiny Cymer Inc. Keep Beaming Its Sales Up?

**By Andrew Pollack**  
*New York Times Service*

SAN DIEGO — It is not enough that tiny Cymer Inc. holds the progress of the entire semiconductor and computer industries in its hands. Now, it also has short-sellers and rumor mongers on its tail.

The explosively growing company is basically the only manufacturer of an exotic laser needed to make the next few generations of computer chips.

This near-monopoly on important technology made Cymer the stock market's most successful initial public offering of 1996. The company went public in September 1996 at \$9.50 a share and by the end of the year was trading above \$48. By August this year, the shares reached \$98.50 before a 2-for-1 stock split.

But since September the stock has fallen fast, closing Friday at \$28.0625, or \$56.125 on a pre-split basis.

One reason is that analysts have downgraded the stock, saying Cymer's customers were likely to slow their orders. On top of that came wild — and false — rumors. One was that Cymer's factory had been firebombed.

The most serious rumor, however, is that the lasers are not working well. If

true, that would be a big problem not only for Cymer and its stockholders but also for the whole semiconductor industry.

But while there have been some reliability problems with its lasers, Cymer says the rumors are exaggerations. If so, some investors may sense a buying opportunity.

Although some analysts say the stock is still high-priced, it is trading at about 34 times 1998 estimated earnings. A lower than the ratios of many small high-technology companies that do not, like Cymer, dominate a business.

Cymer was founded in 1986 by Robert Atkins and two other researchers who left a San Diego military contractor to find industrial uses for the lasers they had worked on for the "Star Wars" missile defense program.

For many years, Cymer barely survived. "We've been down to the last dollar historically many, many times," said Mr. Atkins, the president, who has a doctorate in physics.

Now, however, the semiconductor industry has advanced to the point where it needs Cymer's lasers — desperately — to continue to make transistors smaller, which allows more transistors to be put on a single chip.

Imprinting circuit patterns on silicon chips is done by machines called wafer steppers; the process is similar to the way light is projected through a negative and lenses to develop a photograph. However, as the circuitry wires get smaller, the wavelength of the light used to print them must also decrease.

Cymer's lasers produce deep ultraviolet light with a wavelength of about 0.25 micron, just the right size for the now-emerging generation of chips. (A micron is one-millionth of a meter.)

Two other companies trying to make similar lasers — Komatsu Ltd., a Japanese bulldozer manufacturer, and Lambda-Physics, a German subsidiary of Coherent Inc. of San Jose, California — have not shipped in volume yet.

Cymer's revenue rose to \$65 million in 1996 from \$18.8 million in 1995. In the first nine months of 1997, revenue hit \$144.6 million, nearly quadruple the level of the period a year earlier. Profit has been climbing, too, and the company has been adding employees so fast that some have had to work in the hallways. If Cymer continues to dominate its industry, it could double its sales in the next few years.

All was rosy until September, when a customer — Cymer can't say which one — asked Cymer to postpone delivery of

# Peregrine Tallies Asia Damage Bank Says Stock Unit's Profit Slumped 58% This Year

*Bloomberg News*

HONG KONG — Peregrine Investments Holdings Ltd., one of Asia's biggest investment banks outside Japan, said Sunday its equity and bond profits had slumped as Asian markets sank since July.

Peregrine said pretax profit in its equities division dropped 58 percent, to an unaudited 124 million Hong Kong dollars (\$16 million) between Jan. 1 and Oct. 24. Pretax profit in the fixed-income group fell 42 percent, to 108.5 million dollars, in the same period.

Peregrine, the first international securities firm to calculate the damage from Asia's market meltdown, said it would still earn a profit for the year. The firm said it was responding to persistent speculation that it would lose between \$300 million and \$1 billion this year.

"It's clear to us that we were not the only one but by the very rapid fall in Hong Kong," said Alan Mercer, group

# For Now, Japan Calmly Watches an Asian Storm

**By Stephanie Strom**  
*New York Times Service*

TOKYO — For the past few years, Japan has sat on the sidelines while much of the rest of the world lived the financial and economic equivalent of a giddy New Year's Eve party.

The upside is that now that the hangover has come on with a global vengeance, causing markets to heave and currencies to plummet, Japan looks equally likely to sit out the malaise.

Japan's exposure to Southeast Asia's troubles is minimal — all Asia's troubles are minimal — although if property values in Hong Kong should come back to earth, some of Japan's already troubled banks may have another worry.

"The countries experiencing the difficulties are not a huge share of the overall Japanese economy in terms of exports, which has been the one strong area of the Japanese economy," said

Richard Jerrem, an economist at ING Barings Securities (Japan) Ltd.

One sign of Japan's relative stability was that despite losing 192.21 points in the first 15 minutes of trading Friday, the Nikkei stock average ultimately rose 212.19 to close at 17,363.74 as Hong Kong's stock market regained its footing.

Another reason for the relative calm here is that an ever-increasing amount of Japanese production is based outside Japan, and that lessens the impact of sudden swings in currencies.

For example, 70 percent of the parts and components in Toyota Motor Corp.'s new Solara sedan are made in Thailand, where the car is sold. Because the company is using baht to buy those parts and receiving baht when it sells the cars, its exposure to the currency's devaluation is lessened. Should the company choose to export the vehicles from Thailand,

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## CURRENCY RATES

Cross Rates	Oct. 24
American \$	1.0000
British £	0.6500
French F	6.5596
German M	1.9364
Italian L	1.9364
Japanese Y	146.35
Swiss S	1.4548
Spanish P	166.37
Portuguese E	200.48
Belgian B	36.363
Dutch G	3.7603
Australian A	1.5478
New Zealand N	1.4835
Canadian C	0.7093
South African R	6.5004
Israeli S	1.8034
Indian Rupee	47.548
Chinese Yuan	8.2756
Thai Baht	54.756
Philippine P	49.686
Indonesian R	1,577.8
Singapore S	1.3678
Malay R	3.4036

Other Dollar Values	Oct. 24
Argentine P	1,000.00
Brazilian R	2,000.00
Chilean P	800.00
Colombian P	1,600.00
Costa Rican C	200.00
Czech Koruna	20.000
Danish Krone	6.5596
East German M	1.0000
West German M	1.9364
French F	6.5596
Irish P	7.8756
Italian L	1.9364
Japanese Y	146.35
South Korean W	1,000.00
Portuguese E	200.48
Spanish P	166.37
Swiss S	1.4548
Thai Baht	54.756
Turkish L	1,800.00
U.S. Dollar	1.0000
U.K. Pound	0.6500
Yugoslav D	100.00

Forward Rates	30-day	60-day	90-day
American \$	1.0000	1.0000	1.0000
British £	0.6500	0.6500	0.6500
French F	6.5596	6.5596	6.5596
German M	1.9364	1.9364	1.9364
Italian L	1.9364	1.9364	1.9364
Japanese Y	146.35	146.35	146.35
Swiss S	1.4548	1.4548	1.4548
Spanish P	166.37	166.37	166.37
Portuguese E	200.48	200.48	200.48
Belgian B	36.363	36.363	36.363
Dutch G	3.7603	3.7603	3.7603
Australian A	1.5478	1.5478	1.5478
New Zealand N	1.4835	1.4835	1.4835
Canadian C	0.7093	0.7093	0.7093
South African R	6.5004	6.5004	6.5004
Israeli S	1.8034	1.8034	1.8034
Indian Rupee	47.548	47.548	47.548
Chinese Yuan	8.2756	8.2756	8.2756
Thai Baht	54.756	54.756	54.756
Philippine P	49.686	49.686	49.686
Indonesian R	1,577.8	1,577.8	1,577.8
Singapore S	1.3678	1.3678	1.3678
Malay R	3.4036	3.4036	3.4036

# 12 More Firms Linked to Payoffs

*Compiled by Our Staff From Dispatches*

TOKYO — Japan's latest gangster payoff scandal, which threatens to engulf the Mitsubishi group, has spread, with reports that 12 more companies allegedly deposited money into an illicit bank account.

A wave of gangster payoff scandals, involving more than a quarter of a billion dollars, have led to the arrest of more than two dozen top executives at some of Japan's best-known financial and retail companies.

The 12 companies newly implicated include 10 of the Hitachi group, as well as Asahi Bank Ltd. and Dai Nippon Printing Co., Japan's top printer, reports said, quoting police sources.

Hitachi Ltd., an electronic machinery maker, and Hitachi Metals Ltd., a maker of specialty steel, acknowledged that they had paid money into the account of a company linked to two arrested racketeers. The two allegedly blackmailed Mitsubishi Motors Corp.

"If we'd known the company was linked with corporate blackmailers, we wouldn't have had dealings with it," said a Hitachi Metals spokesman, who asked to not be identified.

Teiji Nakamoto, also known as Tei Terbo

and Kaoru Hamada were arrested Wednesday on suspicion of extorting 23.5 million yen (\$192,465) from Mitsubishi Motors. The money, which was paid into the account of a company of Mr. Nakamoto's wife, Honma International of Tokyo, was disguised as fees for the rental of a seaside villa, Mitsubishi Motors said.

The two Hitachi companies, as well as Asahi Bank and Dai Nippon, denied that they had acted illegally, saying the payments were to cover employees' use of a villa in Fujisawa, about two hours west of Tokyo. The villa, called Urashima after a fairy tale about a kingdom beneath the sea, probably never existed, the Mainichi newspaper reported. But the Hitachi Metals spokesman said, "I heard from our employees that the villa is really dirty."

No one was available to comment immediately at the other Hitachi companies, which newspapers identified as Hitachi Chemical Co., Hitachi Cable Ltd., Hitachi Credit Corp., Hitachi Plant Engineering & Construction Co., Hitachi Construction Machinery Co., Hitachi Koki Co., Hitachi Electronics Ltd. and Nissei Sangyo Ltd.

(Bloomberg, AP)



## CAPITAL MARKETS ON MONDAY

## Gearing Up for New Attacks on Its Dollar, Hong Kong Adjusts Key Rate

**HONG KONG** — The Hong Kong Monetary Authority has made it more expensive for banks to borrow money to try to keep currency speculators at bay, analysts said.

The authority, which acts as a central bank, on Saturday widened the band within which it can set a key interest rate. The widening of the band could mean the monetary authority foresees further speculative attacks on the Hong Kong dollar's peg to the U.S. dollar, analysts said.

"It's a cautionary measure to fend off speculators," said Edward Chan, head of research at Amstels Securities.

Effective Saturday, the bid and offer rates under the authority's so-called liquidity adjustment facility are 4 percent and 7 percent, changed from 4.25 percent and 6.25 percent.

For banks trying to borrow money, the cost would be slightly higher, "Al-

bert Chan, a spokesman for the Hong Kong Monetary Authority, said.

As Hong Kong interbank rates rise, local banks may prefer to borrow from the authority. Saturday's move was designed to discourage this.

"If banks manage their finances properly, they shouldn't need to come to us repeatedly," Mr. Chan said.

Because of the Hong Kong currency's peg to the U.S. dollar, the Monetary Authority looks to the U.S. federal funds rate in managing its liquidity adjustment facility.

The latest adjustment makes the midpoint of the band match the U.S. federal funds rate at 5.5 percent. Previously, there was a quarter-point difference.

"To widen the spread so banks will have to borrow from the HKMA at 7.5 percent higher than before will imply that Hong Kong dollar interest rates will be maintained at a higher level for a

prolonged period," one analyst said.

Analysts said Hong Kong dollar interest rates may stay in double digits this week as policymakers and investors watched for any signs that speculators have abandoned the market.

"The market was much more volatile this week in terms of interest rates," Stanley Wong, regional treasurer for Standard Chartered Bank, told the South China Morning Post at the end of last week. "So widening the bid and offer spread of the LAF will allow a certain flexibility for the HKMA to maneuver the interest rates in an indirect way."

The liquidity adjustment facility allows banks to add to their liquidity positions after the close of the interbank market and enables the authority to supply additional money or absorb money from the banking system. It is also supposed to set a floor and ceiling for the Hong Kong interbank offered rate.

On Friday, the interbank rate was 20 percent.

Many analysts said the Hong Kong Monetary Authority's move to widen the band was unlikely to have a direct impact on the stock market.

The monetary authority effectively declared war on speculators last week, intervening actively in the currency and interest-rate markets to raise the cost of attacking the Hong Kong dollar.

The Hong Kong currency is the last

Asian currency pegged to the U.S. dollar and the latest regional currency to come under attack in the financial turmoil that has swept East Asia since July.

Overnight rates rocketed to 300 percent Thursday at the peak of the crisis, then fell to 6 percent the next day.

The benchmark Hang Seng stock-market index plunged more than 10 percent Thursday as interest rates surged, then bounced back nearly 7 percent Friday as rates eased.

Some analysts said the government's defense of the currency was sound and that the stock exchange would eventually recover because of Hong Kong's fundamental economic strength.

"The HKMA looks as if it has won the battle, if not the war, against the currency speculators," said Hsuan-Pai, associate director at Indosuez Asset Management Asia Ltd.

(Reuters Bloomberg, AFP)

## Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Oct. 24. Prices supplied by Telekurs.

Risk Name	Cpn	Maturity	Price	Yield
<b>Austrian Schilling</b>				
190 Austria	5%	07/15/97	99.300	5.600
232 Austria	5%	04/17/97	100.100	5.700
<b>Belgian Franc</b>				
223 Belgium	8	03/28/15	119.800	6.800
226 Belgium	7	05/15/96	108.400	6.600
<b>British Pound</b>				
104 Fin Resid Hong	11	12/09/2000	144.017	7.700
119 BA Credit Card	7%	10/15/94	99.750	7.100
145 Abbey Natl TS	6	08/10/99	97.200	6.100
192 World Bank	7	06/07/02	100.500	6.700
<b>Canadian Dollar</b>				
147 Canada	6	03/15/98	100.800	5.900
139 Canada	7%	12/01/03	115.500	6.700
<b>Danish Krone</b>				
12 Denmark	7	11/15/97	105.700	6.200
17 Denmark	7	11/15/98	110.100	8.100
20 Denmark	7	11/10/24	104.400	6.700
25 Denmark	8	03/15/98	112.400	7.100
26 Denmark	8	11/15/98	104.300	8.400
36 Denmark	8	11/15/01	109.000	7.300
40 Denmark	7	12/15/04	106.000	6.600
53 Denmark	6	11/15/02	101.400	5.900
62 Denmark	6	12/10/99	101.800	5.800
79 Denmark	8	05/15/03	114.200	7.500
92 Denmark	6	02/15/01	101.500	5.700
94 Nykredit	7	10/01/29	95.500	7.500
111 Nykredit	6	10/01/26	92.100	6.500
112 Nykredit	7	10/01/29	96.300	7.700
147 Nykredit	7	10/01/29	96.300	7.700
174 Red Kredit	6	10/01/26	92.500	6.800
201 Denmark	4	02/15/00	98.700	4.800
<b>Deutsche Mark</b>				
1 Germany	4	07/04/97	102.200	5.700
3 Germany	4	07/04/97	102.200	5.800
4 Germany	4	07/10/99	99.200	5.800
5 Germany	4	04/26/96	104.100	6.000
6 Germany	6	07/04/97	103.600	6.200
7 Germany	6	05/12/95	106.900	6.200
8 Germany	6	10/14/95	105.600	6.100
9 Germany	10	10/20/00	111.157	8.100
10 Germany	10	05/17/97	97.575	6.100
13 Treasury	7%	12/02/02	102.400	7.100
15 Germany	8	01/21/02	106.000	7.300
16 Germany	8	04/17/98	100.000	6.000
18 Germany	8	08/24/00	112.500	7.200
21 Bundesbahn	4%	02/22/02	97.800	4.600
21 Bundesbahn	7%	09/09/04	111.433	6.500
23 Germany	8	07/22/00	101.400	7.100
24 Germany	8	01/04/02	99.723	6.700
26 Treasury	7%	10/01/02	110.733	7.000
27 Germany	6	01/05/06	102.400	5.800
28 Germany	6	08/22/00	102.300	5.900
29 Treasury	7%	01/29/03	108.100	6.900
30 Germany	7%	01/03/05	109.958	6.700
32 Germany	8	09/20/01	112.600	7.200
33 Germany	5	09/30/01	99.800	5.000
35 Federal TS	3%	04/19/99	99.200	3.700
37 Germany	3%	04/19/99	99.200	3.500
38 Treasury	6%	04/15/03	107.833	6.100
47 Germany	3%	12/18/98	99.100	3.300
48 Treasury	6%	04/23/03	105.400	6.100
49 Germany	6	06/20/04	100.451	5.900
50 Germany	6	12/20/02	109.527	6.500
51 Treasury	6%	07/09/03	106.300	6.500
52 Germany	7%	11/15/04	111.300	7.400
53 Germany	6	09/15/03	103.200	5.800
55 Germany	7%	10/21/02	108.400	6.700
57 Germany	4%	11/20/01	110.400	7.000
58 Germany	8	12/20/00	111.100	7.900
59 Germany	8	02/20/01	110.400	7.000
61 Germany	4%	02/22/02	106.400	6.300
62 Germany	5	05/21/01	100.700	5.000
67 Treasury	5	01/14/99	100.800	4.900
68 Germany	6	02/22/02	106.400	6.300
70 Germany	6	02/14/00	102.400	5.800
72 Germany	6	01/15/04	107.100	6.300
73 Germany	5	05/15/00	102.400	5.700
74 Treasury	6	03/04/04	104.300	5.900
75 Treasury	6	05/13/04	107.433	6.200
76 Germany	6	07/15/03	105.622	6.100
77 Germany	6	09/15/99	103.700	5.100
78 Germany	7	01/13/00	104.800	6.000

Risk Name	Cpn	Maturity	Price	Yield
<b>South African Rand</b>				
241 OBSA	zero	12/31/27	2.750	12.600
<b>Spanish Peseta</b>				
134 Spain	5	01/31/01	98.070	5.100
148 Spain	4	04/15/00	103.530	6.200
182 Spain	7	04/15/02	109.170	6.700
189 Spain	7	02/28/02	108.940	7.500
250 Spain	10	10/10/28/01	114.440	8.400
<b>Swedish Krona</b>				
71 Sweden 1037	8	09/15/97	111.168	7.200
92 Sweden 1036	10	08/28/90	100.530	9.200
114 Sweden	5%	04/15/02	97.710	5.200
165 Sweden	11	01/21/99	106.630	10.200
<b>U.S. Dollar</b>				
2 Brazil Cap S.L.	4%	04/15/14	97.850	4.600
11 Brazil	10%	05/15/02	100.100	10.100
14 Argentina par L	5%	03/12/23	75.343	7.300
31 Mexico	11%	05/15/26	120.537	9.500
34 Argentina	5%	09/19/27	91.500	7.500
39 Brazil FRN	6%	01/01/01	99.270	6.600
41 Argentina	11%	01/29/17	115.783	9.200
42 Brazil FRN	6%	04/15/02	92.915	7.500
44 Brazil par ZI	5%	04/15/24	74.774	7.000
45 Venezuela	9%	09/15/27	94.618	9.700
56 Argentina FRN	6%	03/29/05	91.257	7.300
60 Russia	10	02/24/07	72.748	8.500
63 Brazil S.L. FRN	6%	04/15/12	85.437	7.800
64 Venezuela par A	6%	03/31/20	86.370	7.800
65 LAOS	6%	10/27/07	94.993	7.200
69 Brazil S.Z. FRN	6%	04/15/12	87.246	7.600
82 Bulgaria FRN	6%	07/28/11	80.175	8.200
87 Argentina FRN	6%	04/01/01	82.917	7.900
88 Bulgaria FRN	6%	07/28/12	84.277	7.900
91 Sao Paulo	4%	08/22/99	97.500	4.600
95 Mexico	6%	07/15/07	92.915	7.500
97 Venezuela FRN	3%	12/18/07	94.800	6.300
99 Bayerische LB	6	10/16/00	99.437	6.300
101 Brazil	8%	11/25/01	110.370	8.500
102 Mexico	6%	07/15/02	94.926	6.100
115 Poland FRN	6%	10/27/24	101.839	6.800
121 Ecuador FRN	3%	02/28/15	75.039	4.300
124 Brazil Contd S.L.	4%	04/15/14	97.250	4.600
125 Ecuador par	3%	02/28/25	56.589	4.800
129 CADES	zero	07/15/98	95.388	9.900
131 Brazil FRN	5.1%	01/22/99	100.000	5.700
137 Brazil S.L. FRN	6%	04/15/02	94.926	6.100
143 Bayerische LB	6%	04/25/07	101.449	6.500
149 Canada	6%	07/15/02	99.926	6.100
154 ICI FRN	5.7%	09/05/98	99.940	5.700
161 Russia	9%	11/27/01	103.978	8.900
162 Mexico	7%	07/15/07	106.370	9.200
168 Chile	9%	07/27/23	99.971	6.800
169 Brazil S.L. FRN	6%	04/15/02	94.926	6.100
176 Argentina	8%	12/20/03	99.921	8.300
185 Mexico S. FRN	6%	07/15/02	94.926	6.100
170 Brazil	6	09/15/13	83.270	7.200
175 Petronas	7%	10/18/06	103.274	6.900
176 Argentina FRN	6%	04/01/01	82.917	7.900
184 Venezuela par B	4%	03/31/20	86.370	7.800
185 Argentina FRN	6%	03/31/23	89.240	7.200
186 Un Bk New Int	5%	10/14/99	99.700	5.700
187 Venezuela FRN	4%	03/31/01	80.620	6.200
188 Ecuador FRN	6%	02/28/25	79.322	8.700
194 Denmark	zero	11/29/97	99.597	5.300
195 Canada FRN	5%	02/10/99	99.890	5.100
196 Commerzbank	5.5%	01/29/01	99.600	5.200
202 CADES	zero	12/29/97	99.615	5.700
206 Argentina	11	10/09/06	112.935	9.900
207 Chile	9%	10/27/23	99.971	6.800
209 ICI FRN	5.7%	10/05/98	99.910	5.700
210 Ontario	6	02/21/06	97.541	6.100
211 ICI FRN	5.7%	10/05/98	99.910	5.700
216 IAOB	6%	03/07/07	102.017	6.400
218 BGF FRN Ireland	4%	01/15/04	101.800	6.500
219 Westpac Bkng	6%	10/16/02	100.078	6.700
220 Mexico C. FRN	6.2%	12/31/19	95.973	7.100
221 ICI FRN	5.7%	10/05/98	99.910	5.700
222 Korea Dev Bk	7%	05/15/04	98.346	7.700
227 Peru PG	4	03/07/17	67.993	5.800
234 Panama	3%	07/17/14	78.000	4.800
237 ABN. Int FRN	3	11/30/02	104.000	2.800
240 Argentina FRN	5.6%	09/02/02	120.400	9.700
243 Denmark	11	11/24/97	99.526	5.700
244 Abbey Natl TS	6	10/16/00	99.792	6.100
246 IAOB	6%	03/08/06	98.250	6.200
249 Bulgaria	2%	07/28/12	66.035	3.100

Risk Name	Cpn	Maturity	Price	Yield
<b>Japanese Yen</b>				
191 Exim Bk Japan	2%	07/28/05	108.250	2.600
217 NTT	5	07/28/12	104.320	4.000
240 World Bank	4%	06/20/00	109.750	4.100

## The Week Ahead: World Economic Calendar, Oct. 27-31

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

3 Germany	6	01/04/07	102,120.0	5,880.0	140 Netherlands	7	02/01/99	103,390.0	5,920.0
4 Germany	4	09/17/99	99,203.0	4,830.0	150 Netherlands	zero	11/28/97	99,660.0	5,000.0
5 Germany	4	01/04/07	104,730.0	6,000.0	153 Netherlands	7	11/29/99	103,400.0	5,920.0
6 Germany	6	05/04/07	103,620.0	5,880.0	155 Netherlands	84	09/21/00	112,450.0	5,920.0
7 Germany	6	05/12/05	106,596.0	6,430.0	156 Netherlands	6	04/15/02	105,000.0	5,920.0
8 Germany	6	05/14/05	105,670.0	6,150.0	157 Netherlands	107	01/30/01	107,590.0	10,000.0
9 Germany	4	01/04/07	111,110.0	6,000.0	158 Netherlands	8	02/01/00	108,220.0	5,920.0
10 Germany	4	05/12/02	97,575.0	4,150.0	171 Netherlands	74	04/15/01	114,500.0	5,920.0
13 Trinidad	74	12/02/02	103,283.0	7,120.0	172 Netherlands	6	01/15/06	102,500.0	5,920.0
15 Germany	4	01/02/11	116,000.0	7,330.0	176 Netherlands	74	03/01/05	113,150.0	5,920.0
16 French Polynesia	4	02/22/00	111,410.0	6,000.0	178 Netherlands	54	01/15/04	101,500.0	10,000.0
18 Germany	64	08/22/01	112,520.0	7,280.0	203 Netherlands	74	01/15/00	106,150.0	5,920.0
19 Bundesadmission	4	02/22/02	97,860.0	4,600.0	205 Netherlands	74	01/25/99	104,600.0	5,920.0
21 Trinidad	74	09/09/04	111,433.0	6,750.0	207 Netherlands	74	01/27/00	107,700.0	5,920.0
22 Trinidad	74	01/04/07	111,410.0	6,000.0	230 Netherlands	9	05/15/00	109,800.0	5,920.0
24 Germany	64	10/04/24	99,723.0	6,270.0	233 Netherlands	64	02/15/02	102,850.0	5,920.0
26 Trinidad	74	10/01/02	110,273.0	7,080.0					
27 Germany	6	01/05/06	102,400.0	5,860.0					
28 Germany	6	08/22/00	102,730.0	5,880.0					
29 Trinidad	74	01/29/03	108,170.0	6,590.0					
30 Germany	74	01/03/05	109,093.0	6,760.0					
31 Germany	84	09/20/01	112,603.0	7,520.0					
32 Germany	84	01/01/01	99,910.0	5,880.0					
33 Federal City	34	03/19/99	99,210.0	3,780.0					
37 Germany	6	06/18/99	95,500.0	3,550.0					
38 Germany	6	01/01/03	103,640.0	5,880.0					
41 Germany	34	12/18/98	99,180.0	5,590.0					
48 Trinidad	64	04/23/03	105,400.0	6,160.0					
49 Germany	6	04/26/01	106,451.0	5,960.0					
50 Germany	6	01/01/02	109,640.0	6,000.0					
51 Trinidad	6	01/01/03	105,330.0	6,250.0					
52 Germany	6	11/19/04	110,120.0	6,740.0					
53 Germany	6	05/25/05	103,240.0	5,810.0					
55 Germany	4	01/01/02	108,620.0	5,880.0					
57 Germany	4	11/28/01	98,842.0	4,810.0					
58 Germany	84	12/20/01	111,190.0	7,980.0					
59 Germany	4	01/01/03	111,110.0	6,000.0					
61 Germany	84	05/21/01	110,670.0	7,570.0					
66 Germany	5	05/21/01	100,070.0	5,000.0					
67 Germany	4	01/14/99	100,010.0	4,960.0					
68 Germany	4	01/01/03	106,430.0	6,000.0					
70 Germany	6	02/16/06	102,450.0	5,860.0					
72 Germany	4	07/15/04	102,720.0	6,300.0					
73 Germany	4	05/15/01	102,730.0	5,880.0					
74 Trinidad	6	03/04/04	104,380.0	5,990.0					
75 Trinidad	64	05/13/04	107,443.0	6,280.0					
76 Germany	6	07/15/03	105,622.0	6,150.0					
77 Germany	6	01/01/03	106,430.0	6,000.0					
78 Germany	7	01/13/00	104,860.0	6,480.0					

4 France QAT	54	04/25/07	97,650.0	5,920.0
61 France QAT	54	04/25/05	108,200.0	5,920.0
123 British T-note	1	01/26/99	100,620.0	5,920.0
173 British T-note	5	05/01/00	106,850.0	5,920.0
221 France BTN	6	03/16/01	102,800.0	5,920.0
247 France QAT	74	02/25/05	111,000.0	5,920.0

125 France BTAN	44	04/17/99	106,470.0	5,920.0
138 France QAT	54	10/25/07	98,540.0	5,920.0
138 France QAT SP	zero	02/01/99	25,110.0	10,000.0
142 France QAT	44	02/25/04	107,580.0	5,920.0
142 France QAT	44	02/25/05	96,800.0	5,920.0
164 France QAT	74	02/25/05	112,000.0	5,920.0
168 France BTAN	44	01/12/98	100,000.0	5,920.0
170 France BTAN	zero	02/25/02	17,550.0	10,000.0
200 France BTAN	44	02/25/05	96,800.0	5,920.0
213 France BTAN	54	01/21/01	101,920.0	5,920.0
228 France FRN	469	02/25/06	99,990.0	5,920.0
230 France BTAN	44	02/25/05	101,000.0	5,920.0
239 France QAT	74	12/25/05	114,650.0	5,920.0

191 Exim Bk Japan	2	07/28/05	108,200.0	5,920.0
212 World Bank	4	07/28/05	108,200.0	5,920.0
252 World Bank	4	07/28/05	109,750.0	5,920.0



# Mozart would approve of the way we conduct business in Chicago.

The arts have always flourished in Chicago. And always will.

Thanks to the passionate civic commitment of Chicago's corporate leaders and the city's three largest charitable foundations, an unparalleled investment has been made in the Chicago Symphony Orchestra and Lyric Opera of Chicago. With the establishment of the Facilities Fund, \$100 million has been raised to help enlarge and enhance both Orchestra Hall and the Civic Opera House to retain these classic spaces for the next century.

This is one venture in the continuing renaissance that helps mark this city as a world cultural leader. In all, \$513 million is currently being invested in Chicago's vast landscape of world-class museums, theaters and music venues of all sizes.

Never before in history has a corporate community responded like this to a cultural need. Chicago's corporations are proud to be an integral part of this flourishing creative environment. In partnership with the city of Chicago and the state of Illinois, they are ensuring cultural excellence remains the hallmark of this great city for generations to come.

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## Chicago Symphony/Lyric Opera of Chicago Facilities Fund

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BRIEFLY  
Russian Has Talks  
In Syria and Iraq

Mubarak Launches  
Privatization Project

Hostilities High  
In Colombia

For the Record

Non Administration

VINE  
on the Rejo



Consolidated prices for all shares  
traded during week ended Friday,  
Oct. 24

Stocks	Series				
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Stocks	Div	Yld	Rate	1000	High	Low	Close	Change
Am. Tobacco	4.00	4.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Sugar	3.00	3.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Oil	2.00	2.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Lumber	1.00	1.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Textile	0.50	0.50	100.00	100.00	100.00	100.00	100.00	0.00
Am. Chemical	0.25	0.25	100.00	100.00	100.00	100.00	100.00	0.00
Am. Pharmaceutical	0.10	0.10	100.00	100.00	100.00	100.00	100.00	0.00
Am. Food	0.05	0.05	100.00	100.00	100.00	100.00	100.00	0.00
Am. Retail	0.02	0.02	100.00	100.00	100.00	100.00	100.00	0.00
Am. Financial	0.01	0.01	100.00	100.00	100.00	100.00	100.00	0.00
Am. Utility	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Transportation	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Real Estate	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Insurance	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Entertainment	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Technology	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Healthcare	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Education	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Government	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Defense	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Aerospace	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Telecommunications	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Media	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Energy	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Water	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Waste	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Recycling	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Agriculture	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
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Am. Gambling	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
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Am. Casino	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
Am. Hotel	0.00	0.00	100.00	100.00	100.00	100.00	100.00	0.00
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Figures as of close of trading Friday, Oct. 24

Continued on Page 16

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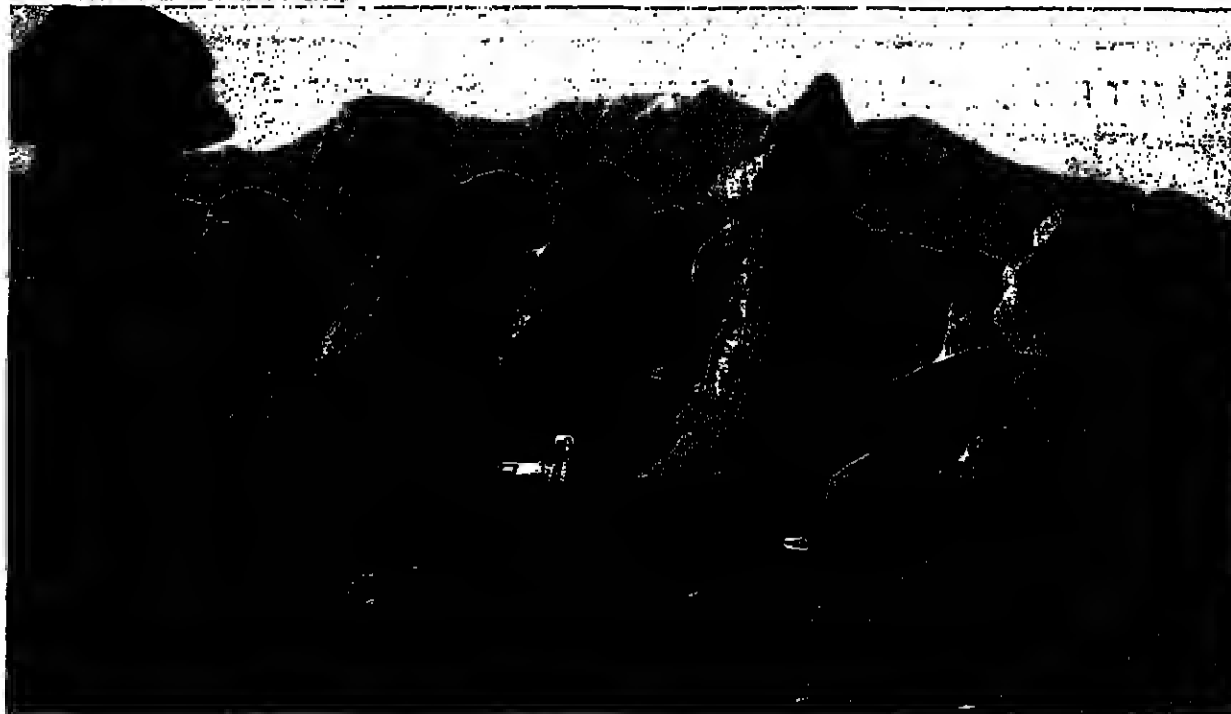
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SPORTS

# 6 Interceptions Power Michigan State Rival Crushed, 23-7

The Associated Press  
Michigan used six interceptions, including two each by Charles Woodson and Marcus Ray, to beat No. 15 Michigan State, 23-7.

Michigan State's only points Saturday came on a fake field goal, when holder Bill Burke threw a 22-yard touchdown pass to Sedrick Irvin in the first quarter.

Michigan, ranked No. 5, still has not given up a point in the fourth quarter this season.

Brian Griese and Chris Howard ran for touchdowns for the Wolverines (7-0, 4-0 Big Ten), who have a showdown date Nov. 8 with No. 2 Penn State. The host Spartans scored on a 15-yard run in the second overtime as Missouri recovered after blowing a 23-point lead. Jones' touchdown and the point-after kick by Scott Knickman gave Missouri (5-2, 2-2 Big 12) a 51-44 lead. Oklahoma State (6-1, 3-1) got within a point to a six-yard keeper by Tony Lindsay, the Cowboys' quarterback, but he was stopped well short of the goal line on a two-point conversion attempt.

No. 1 Nebraska 35, Kansas 0 In Lawrence, Kansas, Scott Frost rushed for 121 yards and two touchdowns as Nebraska overcame a brief power failure and a cold, driving rain to beat Kansas (4-4, 2-3 Big 12) for the 29th time in a row.

Alman Green had 123 yards and one score, and full-back Joel Makovicka scored two touchdowns for Nebraska (7-0, 4-0), which is off to a 7-0 start for the 10th time in Tom Osborne's 25 years as coach.

No. 3 Florida St. 47, Virginia 21 In Charlottesville, Virginia, Florida State scored touchdowns on three of its first five plays from scrimmage and avenged its only Atlantic Coast Conference loss in 45 games. The No. 3 Seminoles (7-0, 5-0 Atlantic Coast Conference) lost in Charlottesville two years ago.

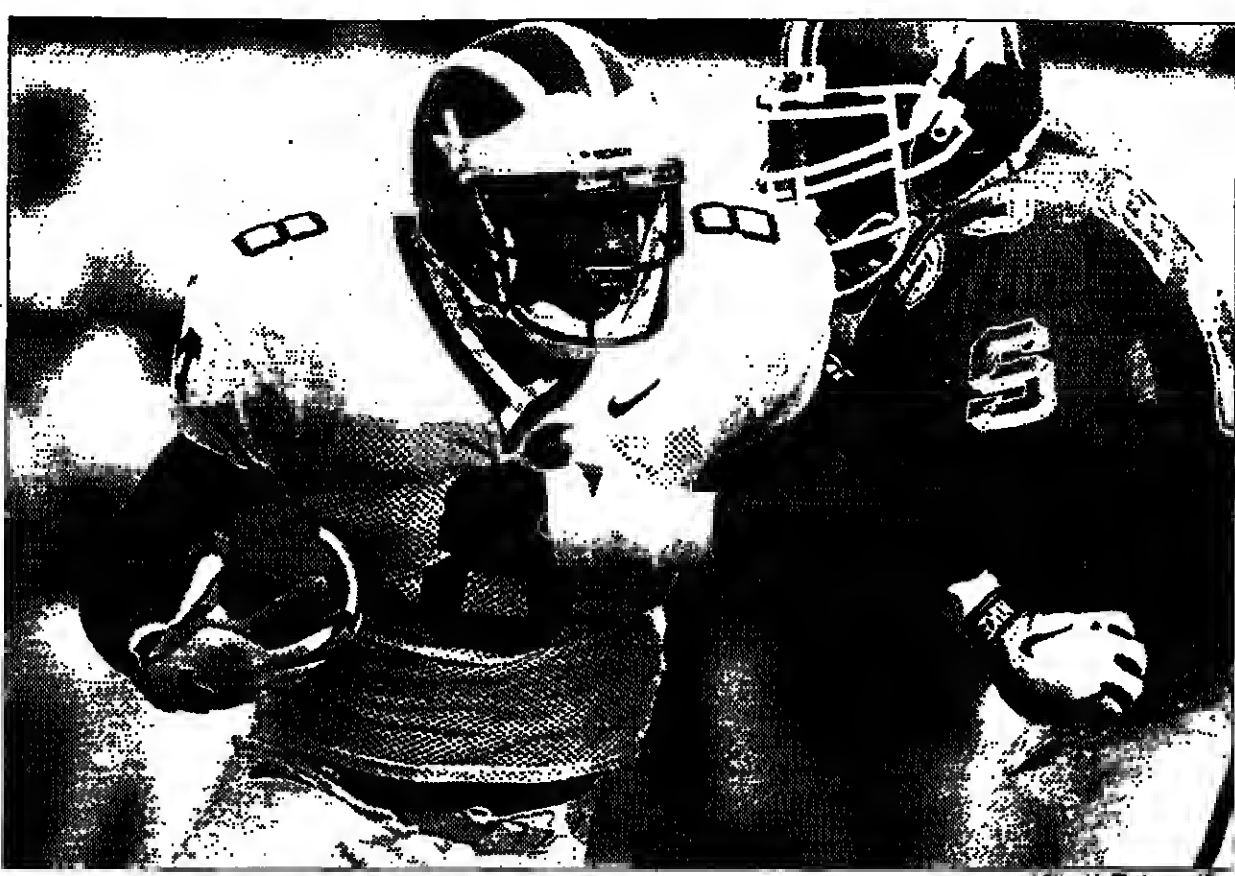
Travis Minor ran 87 yards for a score on the Seminoles' first play from scrimmage.

No. 7 Washington 45, Oregon State 17 In Corvallis, Oregon, Rashawn Shehee rushed for 169 yards and two touchdowns, his fourth consecutive 100-yard game, as Washington (6-1, 4-0 Pac-10) scored 35 unanswered points in the second half to beat Oregon State (3-4, 0-4).

No. 9 Ohio St. 40, Northwestern 6 In Columbus, Ohio, Joe Germaine threw three touchdowns passes, including two to Dee Miller, as Ohio State (7-1, 3-1 Big Ten) rolled over Northwestern (3-6, 1-4).

No. 10 Washington St. 35, Arizona 34 In Pullman, Washington, Ryan Leaf's one-yard touchdown drive gave Washington State (7-0, 5-0 Pac-10) the overtime victory over Arizona (3-5, 1-4). Leaf, the top-rated passer in the nation, threw for a career-high 384 yards and three TDs.

No. 11 Auburn 26, Arkansas 21 In Fayetteville, Arkansas, Dameyune Craig burned an Arkansas blitz for a 70-yard touchdown pass and Jared



The Wolverines' Chris Howard, left, trying to escape the hot pursuit of Michigan State's Courtney Ledyard.

Holmes kicked four field goals as Auburn (7-1, 4-1 Southeastern Conference) built a 19-point lead and hung on to beat stubborn Arkansas (3-4, 1-3).

No. 13 UCLA 35, California 17 In Pasadena, California, Jim McElroy caught two touchdowns passes from Cade McNown and ran for another score as UCLA (6-2, 4-1 Pac-10) won its sixth in a row. McNown threw for 259 yards to become UCLA's career leader in passing yardage with 6,261.

No. 14 Kansas St. 26, Oklahoma 7 In Norman, Oklahoma, Michael Bishop ran for one touchdown and passed for another as Kansas State (6-1, 3-1 Big 12) beat Oklahoma (3-5, 1-3) for the fifth straight time.

No. 16 Georgia 23, Kentucky 13 In Athens, Georgia, Robert Edwards rushed for a career-high 186 yards as

Georgia (6-1, 4-1 SEC) shut down Kentucky.

No. 18 Iowa 62, Indiana 9 In Iowa City, Randy Reiners ran for a touchdown and threw for two in his first start and Tim Dwight scored on a 92-yard punt return as Iowa (5-2, 2-2 Big Ten) routed Indiana (1-7, 0-5).

No. 21 West Virginia 30, No. 19 Virginia Tech 17 In Morgantown, West Virginia, Marc Bulger threw for one touchdown and ran for another and Amos Zereoue rushed for 153 yards and a score to lead West Virginia (6-1, 3-1 Big East) over Virginia Tech (5-2, 4-1).

Texas Tech 16, No. 20 Texas A&M 13 Tooy Rogers woo it for Texas Tech (4-3, 3-1 Big 12) with a 47-yard field goal that hit the left upright and bounced through with 19 seconds left in Lubbock against A&M (5-2, 2-2).

No. 22 Purdue 46, Illinois 3

# Eagles Stop Dallas With a Late TD

The Associated Press  
The Philadelphia Eagles scored the game's only touchdown with 45 seconds to play on Sunday to beat the Dallas Cowboys 13-12.

The Eagles defense also played its part, sacking the Dallas quarterbacks five times and keeping the Cowboys out of the end zone.

The Eagles didn't find the end zone themselves until the final minute when Rodney Peete, the Eagles' quarterback, threw an 8-yard touchdown pass to Chad Lewis to earn Philadelphia the victory.

Lewis' only catch of the game ended a 10-play, 74-yard drive sustained by a 27-yard pass to Kevin Turner and an 11-yard completion to Irving Fryar on fourth-and-11.

The Eagles knocked out Troy Aikman, the Cowboys' starting quarterback, early in the first quarter. Aikman left the game with a strained neck and mild concussion.

Dallas could muster only one field goal, Emmitt Smith's four field goals. Emmitt Smith ran 25 times for 126 yards, only his second 100-yard game of the season. Aikman's replacement, Wade Wilson, finished 11-of-16 for 108 yards.

Chiefs 28, Rams 20 Pete Stoyanovich kicked four field goals as Kansas City beat the error-prone Rams in St. Louis, Missouri.

It was the first regular-season meeting between the teams since the Rams moved to Missouri from California, in 1995.

The Chiefs converted three lost fumbles and an interception into 14 points.

Elvis Grbac threw a 21-yard touchdown pass to Lake Dawson and completed a pair of 2-point conversion passes.

Stoyanovich connected from 25, 52, 41 and 39 yards for his seventh career four-field goal game. Marcus Allen added his 17th career touchdown, extending his NFL record on a 2-yard run in the third quarter to make it 28-14, and the Chiefs ran out the final 5:07 after Jeff Wilkins' field goal cut the gap to eight.

Ravens 20, Redskins 17 The Washington Redskins' unbeaten run at their own stadium ended in a driving rain under a barrage of carries by Bam Morris.

Morris ran 36 times for 176 yards, both career highs, as the Baltimore Ravens handed the Redskins their first defeat at Jack Kent Cooke Stadium.

Morris gained 103 yards on 19 attempts in the first half alone.

The Ravens fumbled five times but recovered four of them and never trailed in the first meeting between Maryland's two NFL teams. The Redskins were 3-0 since moving from Washington to their new home in Landover.

Morris started the season serving a four-week suspension for violating the NFL policy on substance abuse.

Morris also served time in jail two weeks ago for violating probation on his arrest last year for drug possession.

Vinny Testaverde, the Ravens' quarterback, content to spend most of the soggy afternoon handing the ball to Morris, was 10-for-21 for 142 yards. Redskins quarterback Gus Frerotte went 17-for-33 for 199 yards and two touchdowns.

49ers 23, Saints 20 San Francisco continued to plow through its weak schedule with a lackluster victory over New Orleans. San Francisco holding the Saints to 142 yards.

Steve Young passed for two touchdowns, and Gary Anderson kicked three field goals for the 49ers' points.

Too Many Miami Fish Because of Sunday night baseball there will be a double dose of Monday night football. The Associated Press reported from Miami.

After Cleveland forced its World Series against the Marlins to a seventh game, in Miami on Sunday, the Sunday football game between the Miami Dolphins and the Chicago Bears, also scheduled for Pro Player Stadium, was postponed until Monday.

# Kicker Lifts Crimson

Compiled by Our Staff From Dispatches  
Princeton prevented Harvard's high-scoring offense from scoring a touchdown, but still lost. Mike Giampolo kicked four field goals to lift the Crimson (5-1, 3-0 Ivy League) to a 14-12 victory over Princeton (4-2, 1-2) before a rain-drenched crowd of about 2,000 at Harvard Stadium in Cambridge, Massachusetts.

Princeton grabbed a 12-8 lead in the fourth quarter, thanks to a 65-yard pass from Harry Nakielyni to Ryan Crowley, but Harvard rallied with two field goals. The first one, a 21-yarder, was tipped by a Princeton tackle, Dave Ferrara, and barely made it over the crossbar. The last one, a 43-yarder, also just cleared the bar.

Columbia 21, Yale 10 Columbia streaked to a 21-0 lead in the opening period, then hung on for victory over Yale (1-5, 0-3) before a homecoming crowd of 4,665 at Baker Field in Manhattan.

Penn 31, Brown to James Finn rushed for 94 yards and scored three touchdowns as Penn beat Brown in Philadelphia. Matt Rader, the quarterback for Penn (3-3, 2-1 Ivy League), completed 19 of 30 passes for 334 yards and a touchdown. Doug O'Neil caught four passes for 93 yards.

Lehigh 46, Dartmouth 26 Rabbitt Abdullah of Lehigh ground out 186 yards rushing and scored four times as Lehigh snapped Dartmouth's unbeaten streak at 22 games. (AP, NYT)

# For Ogea, Beginner's Luck With a Bat

Washington Post Service  
MIAMI — Chad Ogea, the Cleveland Indians' pitcher whose last base hit, came in high school, beat Kevin Brown, the Marlins' ace, all by himself with a bases-loaded single and a leadoff double that led to a total of three runs.

In Game 2, Ogea also outpitched Brown, winning, 6-1. So, the Marlins' \$13 million free agent was beaten head-to-head twice by a 26-year-old with an 8-9 record and a 4.99 earned-run average.

In Game 2, Ogea was performing at the high end of his professional talent, proving that, on his best night, he could go 6 2/3 innings in the World Series and allow only one run. That was pitching.

Saturday night was something else entirely. Ogea lasted five innings and allowed one run. He got the victory. But every soul in Pro Player Stadium knew the truth. Ogea might as well have worn a uniform stitched out of rabbit's foot.

Jeff Conine was the perfect symbolic Marlin against Ogea. He may not have hit two balls harder all season than his towering fly to center and his two-fast-for-the-eye-to-see line drive to left. Both were caught. Even Brown barely missed a retaliatory buster of his own, his long fly dying at the left-field wall.

Sometimes, the fates touch the shoulder of a humble big leaguer of normal ability and every act he attempts is blessed. His mistakes are forgiven. That was Ogea on Saturday.

As he left the mound, Ogea leaped over the third-base line — so he wouldn't touch it and get bad luck. So, don't press it. You've used up a career of good fortune.

Perhaps the longest lasting image in this game will be Ogea at bat in the second inning. With the bases loaded and one out, the correct strategy was simple: strike out. That is to say, don't ground into an double play against Brown's sinkerball. Make sure that Bip Roberts, in the on-deck circle, gets to hit.

Ogea battled through seven pitches. He stood so far from the plate that he looked like he needed a lawn tool, not a mere bat, to reach the outside corner.

Pitchers no longer bat in college or in the minors. As an American Leaguer, Ogea had only four career plate appearances — all this year in interleague play. He was 0 for 2 with two sacrifice bunts.

There's only one pitcher against whom Ogea had any experience: He saw Brown three times in Game 2. At the moment, he has actually seen Brown five times and all the other pitchers on Earth four times. "The hitters will laugh at me, but I actually saw the ball good against him last time," Ogea said. "I'm glad he didn't throw me any breaking balls tonight. I probably wouldn't have had too much luck."

Baseball may have no more stubborn player than Brown. It has always been his clubhouse trademark. Nobody can tell Kevin Brown anything. His eight straight fastballs to Ogea were right in character. As his at-bat progressed, Ogea actually seemed to gain confidence. He ticked four pitches. The fourth bounced up and smacked him in the face. On the next pitch, he smacked Brown.

All night, Ogea had hung sliders and left his modest fastball in the center of the plate, only for the Marlins to pop the ball with enormous swings or crush it directly at fielders. Now, Brown threw a textbook 2-3 fastball exactly on the low- outside corner.

Ogea poked at the ball with his garden rake and caught the ball squarely on the last inch of the bat. For an instant, it seemed that his line drive to first would end up in Conine's glove for an easy double play with the runner trapped off first base. Conine's lungs was inches shy.

"This was one of those freak games," said Jim Leyland, the Florida manager. Leyland also said that Ogea's pitching "impressed" him. The alternative? Admit how much his Marlins were pressing and overreacting. You don't say that before Game 7.

PERHAPS Brown did not truly believe the freak hit that had wounded him so badly. The Marlins' right-hander, besides his 17-11 record, has a degree in chemical engineering from Georgia Tech. He clearly needed more evidence that a pitcher with a .060 career average could whack the great Brown. The experiment had to be duplicated.

So, when Ogea led off the fifth inning, Brown started him with exactly the same pitch — a fastball low and away. And Ogea did exactly the same thing — poked a liner to Conine's left. Conine dived. Nada. Zip. After a death-defying slide, Ogea got his double as the ball rattled in the right field corner.

Before the inning was done, Ogea scored on a long sacrifice fly. Back in the dugout, teammates poured water over his head to revive him and pressed compresses on his neck to prepare him for the next inning. All that was missing was a ring girl and a cut man.

# Penguins Rally in OT to Defeat Canucks, 3-2

The Associated Press  
The Pittsburgh Penguins continued to make the best of the longest road trip in franchise history, rallying to beat the Vancouver Canucks, 3-2, on Kevin Hatcher's overtime goal.

Hatcher scored 42 seconds into overtime on Saturday night, skating around a sprawling Vancouver defenseman, Bret Hedican, before lifting a backhand over the right shoulder of Kirk McLean in goal.

The Canucks blew a two-goal lead and wasted a brilliant 32-save effort from McLean as they were outshot, 35-19, by a Penguins team that was playing its seventh road game in 11 nights.

Ken Wregget, who had to leave early because of an injury, and Tom Barraso combined for 17 saves for the Penguins.

Mighty Ducks 4, Islanders 2 Teemu Selanne scored the game-winning goal on a second-period breakaway and Mikhail Shtalenkov made 37 saves as visiting Anaheim beat the New York Islanders.

Tomas Sandstrom, Dmitri Mironov and Scott Young also scored for the Mighty Ducks, who evened their record at 4-4-2. Bryan Berard and Robert Reichel scored for the Islanders.

Panthers 5, Bruins 4 Bill Lindsay broke a tie late in the third period to lead Florida to victory in Boston, ending the Bruins' undefeated streak at six games.

Ray Sheppard scored twice for the Panthers — his first two goals of the season — to run his career total to 306 in his 11th NHL campaign.

Canadiens 4, Senators 2 Martin Rucinsky scored two goals as Montreal handed Ottawa its first home defeat of the season and its first in 10 games going back to last season.

Sharks 4, Devils 3 Todd Gill, Owen Nolan and Tony Granato scored in a span of 2:33 late in the first period to

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THE WORLD'S DAILY NEWSPAPER

## THIS WEEK ON EUROSPORT

It's the last chance to see the traditional giants of world football as the play-offs begin in Italy for France '98. Can Italy overcome the disappointment of not qualifying for the World Cup and the temperature as they travel to Russia?

**Football:**  
29 October, World Cup play-off, Russia v Italy  
The first leg of the knock-out encounter to decide which of these teams goes through to the World Cup Finals

**Tennis:**  
27 Oct - 2 November, LIVE, The Open de la Ville de Paris  
The final Mercedes Super 9 of the year comes from Paris and provides not just \$2.3m prize money but a last chance to qualify for the World Championship

**Football:**  
28 October, LIVE, AC Milan v The Rest of the World  
Franco Baresi's testimonial game features Eric Cantona, Maradona, George Weah and Rudd Gullit amongst a host of international stars

**Athletics:**  
2 November, LIVE, The New York City Marathon  
One of the most spectacular races in the world sees 29,000 runners racing through all five boroughs of New York

**Motor racing:**  
2 November, LIVE, NASCAR Phoenix, USA  
The 32nd and final leg of the Winston Cup comes from Phoenix, Arizona

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